

EUROPEAN NEWS

Row over British visit to Soviet chemical arms site

By Quentin Peel in Moscow

A MUCH-VAUNTED British visit to inspect Soviet chemical weapons manufacturing facilities ended in recrimination yesterday, when the British team claimed they had been refused permission to carry out a "challenge inspection" of a plant they wanted to see.

She also said the Soviet authorities had "different attitudes towards the degree of secrecy about the subjects we were discussing".

The sour note was struck at a press conference yesterday called to celebrate the confidence-building process represented by the reciprocal visits, and it clearly touched a raw nerve with the Soviet hosts.

Schmidt hits at committee on monetary union

By David Marsh in Bonn

THE committee set up by EC leaders last week to examine steps to European monetary union is too full of "technicians" to make much progress towards setting up a European central bank, according to Mr Helmut Schmidt, the former West German Chancellor.

Setback for Strauss as aircraft fuel tax break is dropped

By David Marsh in Bonn

MR Franz Josef Strauss, the Bavarian Prime Minister, faces a damaging setback after a decision by the dominant Bonn conservative parties to drop a move to free kerosene for private aviation from sales tax.

High EC telephone charges attacked

By William Dawkins in Brussels

EVIDENCE of artificially high charges for buying and using personal telephones in several EC countries was released yesterday by the EC Commission.

Bonn trade surplus beats forecasts

By David Marsh in Bonn

WEST GERMANY'S trade surplus rose in April but its production of industrial goods was virtually unchanged in May, the Government said yesterday, Reuter reports from Bonn.

Need for economic reforms set to dominate Comecon summit

By Leslie Collett in East Berlin

URGENTLY NEEDED economic reforms will be the main issue under discussion at the annual meeting of prime ministers of Comecon, the Soviet-led economic and trade organisation, which opens today in Prague.

A Soviet specialist on Comecon, Mr Alexander Bykov, said recently that some kind of "common market" was needed for socialist countries, but he added that a realistic domestic price structure and other economic reforms would have to come first.

Excessive defence of national interests is the "number one obstacle" to improved co-operation within Comecon, he said. Moscow, Budapest, Warsaw and Prague had come closer in their views on reform but other members had moved further apart.

The study group, which has been asked to report back to EC leaders in 12 months, is chaired by Mr Jacques Delors, the EC Commission president. It will be composed mainly of EC central bank governors, but will also include outside economic experts.

Barcelona's race to Olympics

By David Marsh in Barcelona

BARCELONA might not match Korea as an East-West flashpoint, and if superpower relations remain on their present track, there will be no spectacular boycotts.

Oslo exchange probes deals

By David Marsh in Oslo

OSLO'S stock exchange is investigating a number of suspected share price manipulations worth several million dollars and said yesterday that other similar deals might have taken place, Reuter reports.

Record Spanish tourism heralds airport delays

By Tom Burns in Madrid

A FORECAST record year for Spain's tourist industry could be accompanied by departure lounge pile-ups at northern European airports, due to congestion of Spanish air space and worsening industrial relations between Spain's air traffic controllers and the domestic civil aviation authorities.

Europe seeks end to air traffic chaos

By Michael Dons, Aerospace Correspondent

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Peter Bruce reports on the political fight for cash to host the 1992 games

By Peter Bruce

gall, who does not expect Barcelona to make any money out of the games.

Laura Raun reports from Amsterdam on the long-standing business relationship between two nations

By Laura Raun

complement one another. That at least is the theory of Professor Geert Hofstede, who now teaches "organisational anthropology" at Limburg University and used to work for IBM.

Marriage of true minds behind Anglo-Dutch success

By Laura Raun

William of Orange brought to England his country's expertise in science, engineering and the arts.

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FINANCIAL TIMES Published by the Financial Times Group... Price: 30p per copy...

Diana Smith in Lisbon reports on the controversial claim which threatens to topple a Spanish hero
Columbus 'unmasked' as Portugal's master spy

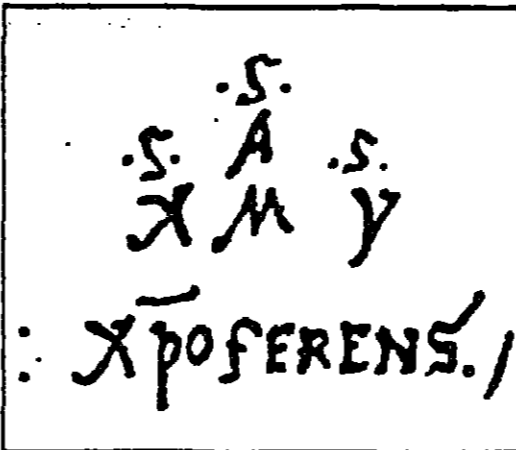
CHRISTOPHER Columbus, the navigator who discovered America for Spain in 1492, was a spy for Portugal, Spain's deadly rival in a race to exploit the riches of newly discovered lands.



Columbus greeted by Indians on San Salvador - named after himself according to clues gleaned from his cryptic signature (right)

He decoded cryptic 17th century genealogies designed to mask noble families' Semitic origins, studied the lore of arcane sects and the cryptic use of alphabets, and this month published a 600-page book expounding his theory.

Although he found no Oriental wealth, there were gold and pearls for Spain on islands he called Espanola, Fernandina, Isabella and as a fervent Catholic, religiously named Isabella San Salvador, and Cuba which is an adaptation, says tradition, of a Carib word.



Clues abound in the signature (illustrated). The Greek letters Xi rho omicron stand for Cristo Ferens - Christopher but also Xristos (Saviour/Salvador) and Ferens maps to Enfiler or swordbearer. There is an oblique after Ferens and the Hebrew word for the oblique stroke is zarco. Colon Cristophe wrote the pun on the grammatical instrument of the colon.

forebears from Cuba [in the Province of Alentejo]. [Colon] [Salvador] Zarco.

That means he says that he is the product of the union of Duke of Beja and Isabel Camara. The former was a Portuguese nobleman and the latter from a family of New Christians, converted from Judaism, for whom the Spanish rulers had little sympathy.

Key questions raised by orthodox history



Official portrait of Columbus

■ Were Caribbean Isles named after Spanish patrons? Or did Colon-Zarco, born in Cuba, in the Alentejo region of Portugal, of a liaison between the Duke of Beja and Isabel Zarco da Camara, name islands after Spanish patrons or himself (Salvador) - his father, mother and Portugal ("Santola" - an early nickname for Portugal), and a bay after his birthplace, leaving clues for posterity?

whose knowledge they were sworn to conceal, hiding maps of their voyages, using cryptic symbols drawn from the Templars or ancient Jewish Kabbala?

W Germany will not meet deficit target

WEST GERMAN Finance Minister Gerhard Stoltenberg said yesterday he would not be able to achieve his federal budget deficit target in 1989, the second successive year of overshoot, Reuter reports from Bonn.

controversial plans to raise indirect taxes next year on items such as petrol and tobacco. Economists say that these indirect taxes may hit consumer spending and slow growth in Western Europe's biggest economy during 1989, just when the Government is getting ready to try to boost expansion through cuts in direct taxes.

Portugal to redraft deal on US satellite station

THE PORTUGUESE Government will have to redraft an accord granting the United States a site for a satellite tracking station following a surprise veto by the constitutional court, officials said yesterday, Reuter reports from Lisbon.

used for Washington's proposed Star Wars space defence system which is the subject of much tension in US-Soviet relations. The agreement, signed five years ago, is part of an overall US military aid programme giving Portugal more than \$100m a year mainly in exchange for use of the key Lajes air base in the mid-Atlantic Azores islands.

Hungarian leader visits Moscow for first time

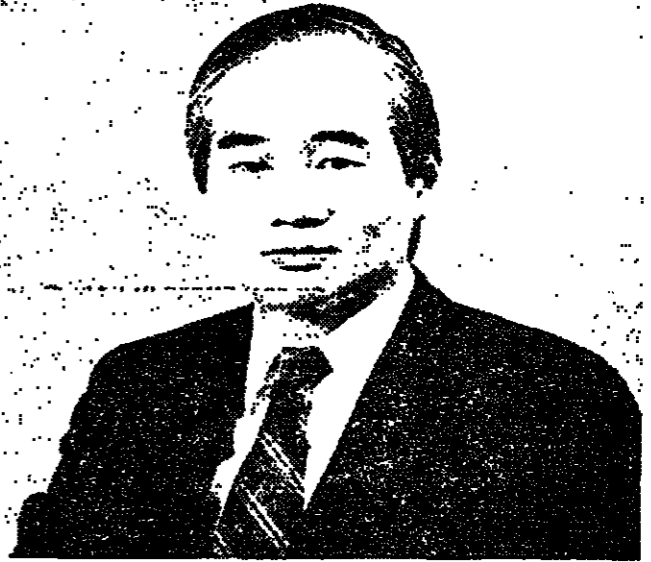
MR KAROLY GROSZ, Hungarian Communist Party leader and Prime Minister, arrived in Moscow yesterday for his first visit since he took over the party leadership from Mr Janos Kadar last month, Reuter reports from Moscow.

concentrate on the international situation, bilateral relations and economic issues. He said that he wanted to determine Hungary's place in "big changes" in the Soviet-led trade bloc Comecon.

GLOBAL INTEGRATION OF JAPANESE MANAGEMENT ADVERTISEMENT

The Global Leader

As Japan's dominant securities house, Nomura Securities is leading the international thrust of that country's financial sector. Nomura International Limited, the group's London affiliate, led the league-tables for Euromarket offerings in 1987 and is hoping to do so again in 1988.



Mr. Hitoshi Tonomura, Chairman, Nomura International Limited

Robins: After the gyrations of equity markets over the past three quarters, could you briefly give your outlook for equity markets in London, Tokyo and New York for the balance of 1988?

domestic UK institutions. This leads me to wonder whether major UK investors do really recognise the value of their own market. We are in a situation where the home side could possibly miss out on what we see as a great investment opportunity.

Dutch guilders, Australian dollars, Finnish markkas and Spanish peseta bonds. Our sales and trading operation in the first two of these currencies has been well positioned to take advantage of this trend and recently placed 10 per cent of a jumbo Euro-DM issue.

Tokyo's rise well supported

Tokyo investors believe in their country's strong economic fundamentals, applaud their exporting corporations' successful adjustment to a higher yen and delight in the corporate sector's remarkable profit surge reported for fiscal 1987.

Of the three major markets, New York prompts the most difficult questions. On the surface there seem to be good reasons for confidence: corporate profits are strong with double figure year to year rises predicted, inflation expectations of about 4 per cent, and interest rates possibly lowering by the year end.

Robins: Nomura is now a market maker in a select group of companies on the Stock Exchange of London. How successful has this been and what steps are in hand for further expansion?

Clearly, therefore, in Tokyo we have a market which believes in itself, based on the country's strong economic fundamentals and the proven flexibility to adapt to changing environments both at home and abroad. Not surprisingly therefore, it has outperformed the two other major markets since Black Monday.

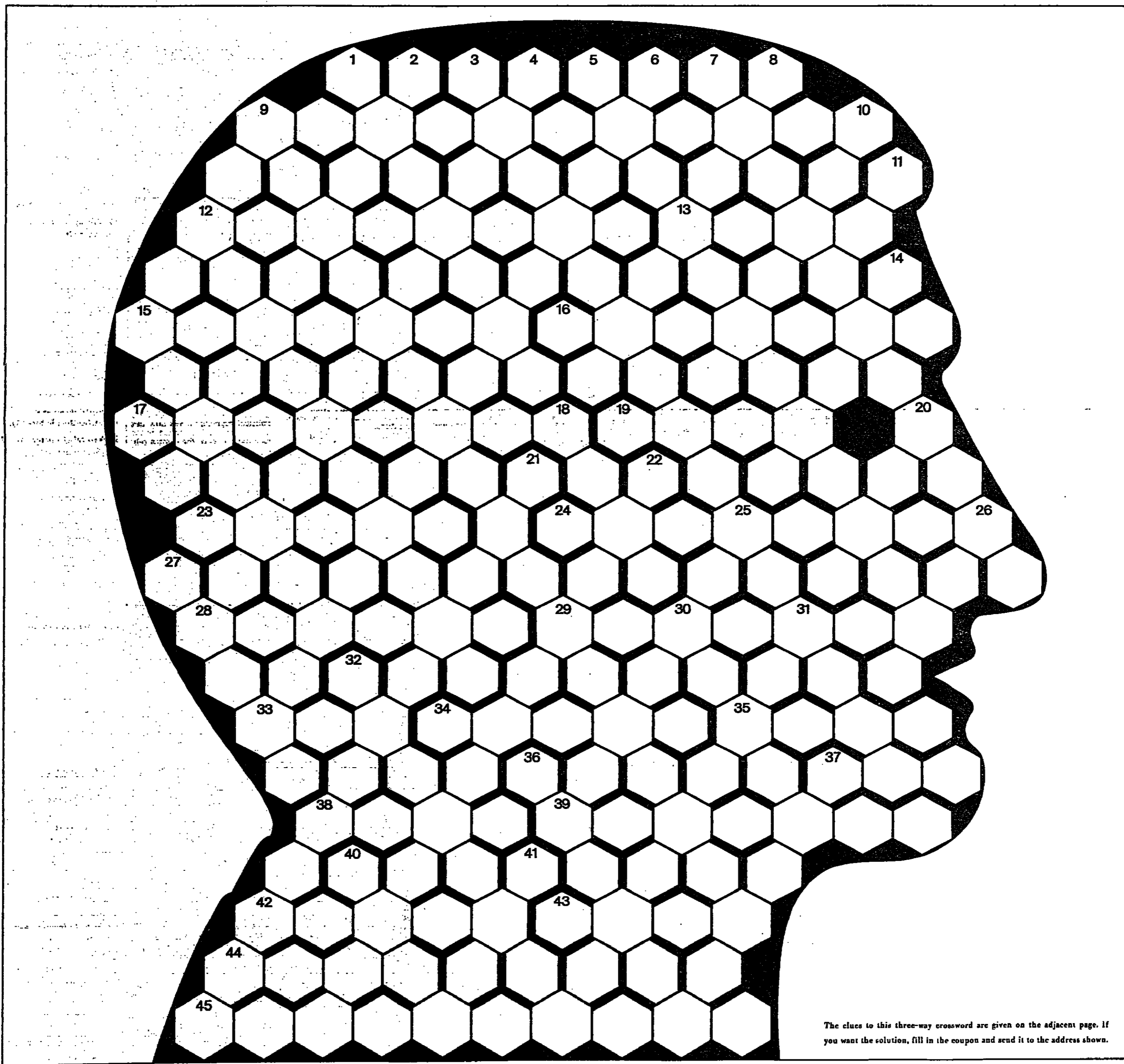
Robins: Large scale M&A has convulsed the UK, and to a lesser extent Europe, in the wake of the readjustment of equity prices, yet this seems to be an area of limited activity for Nomura. What plans do you have?

Nomura has certainly been very alert to these developments and has been expanding its capabilities in this area. Our intention is to provide a service for both Japanese companies looking to Europe and also European companies strengthening their ties with Japan.

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The clues to this three-way crossword are given on the adjacent page. If you want the solution, fill in the coupon and send it to the address shown.

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CRISIS IN THE GULF

Iranian bitterness likely to strengthen radicals' hand

BY ANDREW GOWERS, MIDDLE EAST EDITOR

IRAN WAS yesterday preparing for its biggest outpouring of bitterness against the US since the early years of the Islamic revolution, following the shooting down of Iranian flight 53 by a US warship on Sunday.

Large demonstrations are planned for today in every significant Iranian city, and Ayatollah Ruhollah Khomeini may break his public silence of the last few weeks to pronounce on the disaster.

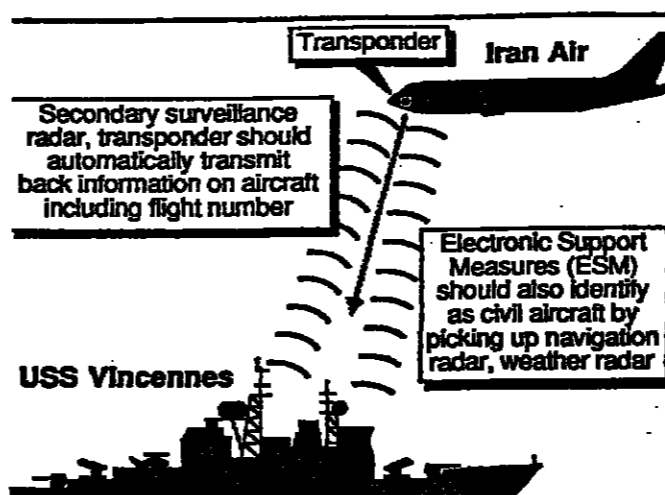
On the face of it, a further radicalisation of the political climate in the country would appear to be under way. If so, it looks like had news for Hojatoleslam Ali Akbar Hashemi Rafsanjani, the central figure in the Government, who until Sunday had been working hard to consolidate support for what he conceived as a "foreign policy" of trying to win friends abroad.

The radar systems that should be foolproof

BY DAVID WHITE, DEFENCE CORRESPONDENT

"IF THEY had just looked out of the window, at 7,500 feet it should have been clearly visible to the naked eye whether it was a civil or military aircraft," a civil aviation official said yesterday.

Even if the haze prevented the Iran Air Airbus A-300 from being visually identified from the USS Vincennes on Sunday, it should have been possible by two means to distinguish it from a hostile fighter, according to radar experts.



(ESM), also built into the warship's highly sophisticated control system, should have been able to pick up signals such as the aircraft's navigation system, making clear its nature and origin.

year when the UK Ministry of Defence cancelled the GAGS 4 being developed by Ferranti for the Royal Navy's new Type 23 frigates. At least the first three of the new frigates are expected to enter service without any control system because of the delay.

Iran Air pilot, speculating that he had switched off his transponder and other equipment, a practice they said was not uncommon when airlines are "cutting corners". Others, however, said it was highly improbable that he should have shut down his equipment on such a short trip as that from Bandar Abbas to Dubai or that he should have been using a military frequency to transmit.

MUTED RESPONSE FROM US CONGRESS

Reagan calls tragedy an "understandable accident"

BY NANCY DUNNIE IN WASHINGTON

THE AMERICAN downing of an Iranian civilian jetliner, during which more than 280 people lost their lives, cast a shadow over the US independence day celebrations yesterday.

On a day generally reserved for parades, barbecues and fireworks, millions of Americans turned on their television to see the sobering images of victims' bodies floating in the Persian Gulf.

Mr Jim Wright, Speaker of the US House of Representatives, yesterday described the shooting-down of the Iranian airliner as "a deeply regrettable accident" which placed the US in "an awkward and uncomfortable situation".

Mr Wright said in London, after seeing Mrs Margaret Thatcher, that the British Prime Minister was "very supportive and understanding of our anguish".

Describing the incident as "a great tragedy", Mr Wright defended the commander of the USS Vincennes, which had fired the missiles that brought down the aircraft. "It was a clear case of mistaken identity."

It was clear the radar screens on the ship could not distinguish between friend or foe, or a large Airbus and an F-14 military aircraft flying head on.

Mr Wright said he had made similar mistakes of identification during World War II, though he had been an expert. The commander clearly had in mind the incident last year when the captain of the USS Stark delayed firing on an attacking Iraqi aircraft, resulting in the holding of his ship and the death of 37 of his men.

thorough review of downing as well as the rules of engagement which govern the circumstances under which a commander may order an attack.

made early in the commitment to give our commanders sufficient latitude to protect their people and equipment when hostile intent was manifested.

In June, Pentagon officials told Congress that naval escorts were operating under half-trigged rules of engagement.

Moscow calls on US to pull out

BY QUENTIN PEEL IN MOSCOW

THE SOVIET Union yesterday blamed the Iranian airline disaster in the Gulf directly on the big US military build-up in the region, but stopped short of any furious condemnation of the shooting.

It called for the US naval fleet to leave the Gulf without delay, to be replaced by a UN force. Still smarting from the massive international denunciation which greeted its own shooting down of a South Korean airliner over Soviet airspace in 1983, Moscow sought to restrain its natural desire to exploit the propaganda potential of the latest disaster to the full.

The disaster could hardly prove more timely for Soviet policy in the region, which has consistently been directed to reducing the US military presence in the Gulf, but was itself flawed by Moscow's refusal to go along with an arms embargo on Iran for failing to observe a UN-sponsored ceasefire.

The sharpest commentary, broadcast by Moscow Radio for foreign listeners, said the attack on the airliner was premeditated.

The incident shows the increasing isolation of Soviet foreign policy reaction and the unchanged nature of some of its propaganda arms, in spite of the era of glasnost.

In Damascus, Syria, Iran's main Arab ally in its war with Iraq, said yesterday the shooting was an ugly crime.

OTHER OVERSEAS NEWS

New Zealand deficit 'to stay at 2% of GNP'

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND deputy Prime Minister Geoffrey Palmer confirmed yesterday the financial deficit (before sales of assets) would be about the same as last year, about 2 per cent of gross domestic product or NZ\$1.4bn (\$945m).

a budget surplus including asset sales of NZ\$1bn was planned. The contrasting approaches of the Prime Minister and his Finance Minister continue to fuel speculation of a rift in outlook between the two.

Savimbi keeps apart from Pretoria

BY ANTHONY ROBINSON IN JOHANNESBURG

MR JONAS SAVIMBI, guerrilla leader of the Angolan rebel Unita movement, who is due to arrive in London from Washington this week trailing his usual albatross - a decade-long legacy of South African military and logistical support.

For most people to be labelled a "facker" would be tantamount to the kiss of death. But Mr Savimbi is still very much alive and battling to gain international support for his inclusion in a future coalition government in Luanda.

Internal reconciliation, he argues, is as vital to a solution of Angola's problems as the current search for a settlement of the international dimension of the 13-year Angolan civil war.

Colina MacDougall on embarrassment over the Dalai Lama's lobbying for his people

TIBET IS becoming a foreign policy headache as well as a serious domestic problem for the Chinese. It is the one issue over which Peking's behaviour gets an extremely bad press abroad.

spokesman in the Chinese capital objected to the fact that he was given a platform, saying China opposed "foreign organisations and individuals which provide support of any kind to the Dalai Lama's activities aimed at undermining China's territorial integrity".

Earlier this year the Chinese tried to persuade Baroness Elles to withdraw her invitation to the Dalai to address MPs. They lobbied hard with Lord Plumb, president of the Parliament, to prevent it. When the Dalai visited London last spring, they put pressure on respected British figures such as the Archbishop of Canterbury not to receive him.

Protesters bomb US embassy in Manila

ABOUT 5,000 protesters demanding the removal of US military bases in the Philippines yesterday hurled crude bombs at police near the American Embassy, wounding at least six people, police said, AP reports from Manila.

A second large anti-US protest outside Clark Air Base ended peacefully.

Violence erupted outside the US embassy near the end of the three-hour protest as some demonstrators hurled rocks and sticks at the outnumbered riot police before running off. There were no reports of injuries.

Police Lieutenant Colonel Robert Barbers said at least three home-made bombs spiked with one-inch nails were thrown at the police lines.

The demonstrators included students, peasants, factory workers, teachers and at least one member of the House of Representatives, Mr Bonifacio Gilgado.

Police said it was the first time in recent years militant dissident groups had been allowed to stage a street march.

Thousands in Seoul demo

THOUSANDS of dissidents and students yesterday marched through Seoul to demand the Olympic Games be shared with communist North Korea, AP reports from Seoul.

Police said it was the first time in recent years militant dissident groups had been allowed to stage a street march.

Police said yesterday they had arrested 1,784 people in the first week of an anti-Comecon campaign for the Olympic Games in Seoul.

Monsoon in most of India ends five year drought

BY K.K. SHARMA IN NEW DELHI

THE Indian Meteorological Office announced yesterday that the monsoon had now broken all over the country, with the exception of Gujarat state in the west, bringing an end to a prolonged and disastrous drought.

Industrial production was hit by power shortages because of falling reservoir levels at hydro-electric plants.

Treatment of Tibet gives Peking a bad press

More considered

Tibetans believe Peking may produce a more considered response later, and indeed one Chinese official in London has commented: "We are studying it carefully." The Dalai and his advisers believe that some people within the Peking leadership - almost certainly including the party boss, reformist Zhao Ziyang - are in favour of negotiation to resolve the Tibet issue.

Mountain region

Possibly it is, Tibet is a sizeable problem, being a mountain region the size of western Europe, mostly over 10,000 feet in altitude, full of angry and despairing Tibetans.

Mountain region

The two anti-Chinese riots were in full view of foreign visitors. A guerrilla war of sorts went on for 15 years, and its resumption would cost Chinese lives and hardware as well as endangering tourist and mineral development plans. The spiritual

World textile markets 'likely to become more competitive'

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

WORLD TEXTILE markets are destined to become even more competitive in the next decade as productivity continues to improve, according to a new review of the industry.

However, conditions may ease if fibre consumption can be stimulated and demand can be increased above current sluggish growth estimates of 2.4 per cent a year by the mid-1990s.

The review, just published by the Economist Intelligence Unit, says that despite these continuing pressures, there are signs that the tide may be turning for textile companies in the developed world.

"Long-held theories about where textile and clothing will be made in future are being challenged," it claims. Confidence is

growing that restructuring could lead to a situation where industries in both developed and developing countries can co-exist while trade continues to grow.

At about \$19bn (\$72m) a year, and despite restrictions imposed by the Multi-Fibre Arrangement, it is already increasing twice as quickly as world trade in general.

Much has been made in the past 10 years of the rise of Hong Kong, China and Taiwan as major exporters, and the invasion of the US by imports. The US, ranked 13th in the world importers league in 1979, is now placed second behind West Germany.

However, Germany, which bought \$6.6bn-worth of textiles and clothing in 1986, is also the world's leading exporter, with sales of more than \$8bn in that

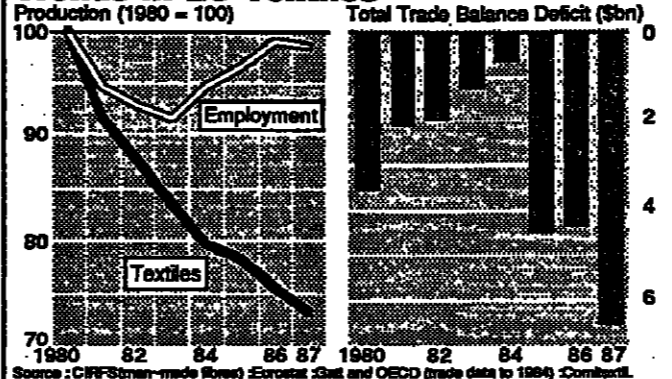
year. Italy came second, with Japan and China close behind.

Labouring under several apparent handicaps including high wage costs, little in the way of government subsidies, the relative strength of the D-Mark and the fact that its capital-intensive mills are allowed to work only six days a week, the West German industry has succeeded in remaining competitive.

Its main strengths, the report says, stem from radical restructuring, the flexibility of its 1,700 mainly small-to-medium-sized companies, their concentration on speciality high-added-value products, and a willingness to invest in modern machinery.

Investment in 1986, for example, was DM 1.7bn (\$680m), about DM 7.470 per employee, compared with DM 4,280 in 1980. Productivity increased 24 per cent, com-

Trends in EC Textiles



pared with 16 per cent for German industry as a whole.

To some extent, West German textiles and clothing manufacturers were helped by the constraints imposed by the Multi-Fibre Arrangement while restructuring was undertaken.

In Britain, on the other hand, where the industry has had about 30 years to tackle its problems, it has been actively restructuring

for only 10 years.

"The US industry, cushioned from the worst effects of the first oil crisis by artificially low energy and feedstock prices, has only in the past five years had to face the reality of its introspection," the report says.

In contrast with West Germany, whose 10 biggest companies account for only 6 per cent of the industry's sales, 30 per cent of UK turnover is in the hands of four manufacturers.

But the British structure has its strengths, such as the ability to deliver large volumes of product to retail chains at short notice - important when fashions can change overnight.

With improved product design showing through, these large companies are also better able than some smaller operations to handle export marketing, the

review claims.

Although the British industry has lagged behind its main competitors in investment, there are now signs that capital spending is rising, up 23 per cent in the first nine months of 1987.

UK labour costs are among the lowest in the industrialised world, only marginally higher than in Spain and far below those in West Germany and the US.

Helped along by currency factors, exports to the European Community increased last year by 3.5 per cent, but this did little to ease the country's trade deficit in textiles and clothing, which rose from £198m in 1980 to £1.6bn last year.

World Textile Trade and Production Trends, EIU, 40 Duke Street, London W1A 1DW. £150 in Europe, \$285 North America, £153 rest of world.

UK group in Soviet pay phone venture

By Hugo Dixon

GEC PLESSEY Telecommunications has formed a joint venture with the Soviet telecommunications authorities to supply and operate pay phones in Moscow.

The agreement provides for about 100 credit-card operated phones to be installed in the 12 months from next April.

The phones will be aimed primarily at the growing number of foreign visitors to the Soviet Union and will be placed in such locations as airports and hotels.

Because they will use Western credit cards, such as Visa and Mastercard, they will produce a source of hard currency revenue both for the Soviet Ministry of Telecommunications and for GPT, which was formed this year when GEC and Plessey merged their telecommunications activities.

Mr Peter Brown, managing director of GPT Payphones, said he was "tremendously excited" by the deal. It would open up the Soviet market to other GPT products, such as coin-operated pay phones, he said.

He was less sure, however, how much it would further GPT's campaign to sell its System X digital switches to the Eastern bloc.

Ronson lighters may be made in India

BY JOHN ELLIOTT IN NEW DELHI

INDIA is expected to be producing one of the world's best-known brands of cigarette lighters from the beginning of next year.

Subject to completion of final negotiations, it is being chosen by Ronson of the UK in preference to Ireland to take over world-wide manufacture of the company's long-established Premier and Comet brands.

Ronson plans to move the production line to a plant at Faridabad, just outside Delhi, which will send about 1m finished lighters a year back to the UK. The lighters will also be sold in India - where there would be no significant competition - and the Soviet Union.

The factory is owned by the Delhi-based Bhagat business family, who are also planning to start making French perfumes in India for the Soviet Union.

Ronson had been planning to move to Ireland, but was

approached by the Indian company, which estimates that India's labour costs are half those in the UK.

Bhagat has just obtained the necessary Indian government licences, and Ronson said negotiations were almost complete.

Initially, Bhagat expects to import 80 per cent of the components, including flints from China. In line with its usual policies, the Indian Government is insisting that 90-95 per cent of the production should be Indian-made within five years.

Production is due to start early next year with Ronson probably buying back over 10 years at least 1m lighters a year, or 60 per cent of a larger production total later. Bhagat estimates that this should yield exports totalling \$50m over 10 years.

Ronson is not taking any direct financial stake in the venture, which involves an investment in India equivalent to about £2m.

Japan seeks end to tropical products barriers

BY WILLIAM DULLFORCE IN GENEVA

JAPAN HAS submitted its proposal for removing barriers to imports of tropical products, from coffee to juice, complementing previous offers from the EC and the US in a \$80bn-a-year (\$33bn) worldwide trade which is particularly sensitive for Third World exporters.

However, like those of the other two major trading blocs, Tokyo's prescription is hedged

with reservations.

It falls well short of satisfying developing nations' demands and drew criticism from some developed countries, such as Australia, when it was tabled last week in the group negotiating on tropical products in the General Agreement on Tariffs and Trade.

The 96 countries participating in Gatt's Uruguay Round have agreed to give priority to achieving an agreement that would lead to the widest possible liberalisation of trade in tropical products, some 80 per cent of which originate in developing countries.

The negotiators' target is to have an accord ready for trade ministers when they meet in Montreal in December for the mid-term review of the Uruguay Round, so that it can become effective next year.

So far, the talks have been marked by foot-dragging on the part of the industrial countries in the face of the developing countries' claim to have been promised an across-the-board elimination of tariffs and the removal of non-tariff obstacles.

Japan proposed to do away with duties on unprocessed products and to eliminate or reduce duties on processed and semi-pro-

cessed products "by the maximum possible percentage".

It would also cut peak tariffs on sensitive products to a fixed ceiling. Removal of non-tariff barriers could be negotiated on a bilateral request-and-offer basis, Tokyo suggested.

Overlap with the agriculture talks is looming as a hurdle in the way of an early agreement on tropical products.

Caribbean countries set to decide on free trade

BY CANUTE JAMES IN ST JOHN'S, ANTIGUA

THE Caribbean Economic Community is to decide this week if the small economies of its members can withstand the effects of the removal of all restrictions to trade within the group.

The political leaders of the 15-member organisation will study, at the community's annual summit in Antigua, proposals to dismantle all barriers to trade by this October.

The proposals are aimed at removing a maze of tariff and non-tariff barriers and quantitative restrictions maintained by national governments.

The summit is also studying the potentially stormy issue of the removal of exchange controls. Most governments in the region have been restricting imports through curbs on scarce foreign exchange.

Since it was created 15 years ago, the community, made up of the English-speaking countries of the region, has been struggling to find common ground on proposals for free trade.

Several community members, particularly the smaller islands of the eastern Caribbean, have argued that their fledgling industries need continued protection.

The economies of most members are based on commodities such as sugar, bananas, bauxite and oil, and on tourism. Several have started developing light industries, including garments, food processing, furniture manufacturing and the assembly of electrical appliances.

The group's failure to agree on free trade has been blamed by

business leaders and government officials for the progressive decline in the value of intra-community trade over the past six years. Trade between members fell from \$699m (\$332m) in 1981 to \$294m in 1986.

Mr Roderick Rainford, the community's secretary-general, said on Sunday there were signs of a revival, with the value of trade between members growing by 8 per cent last year.

While the political leaders of the community agree that the region's economies will be better off if all barriers to trade are removed, some still want some industries to be protected.

"We think that certain exceptions will have to be made. If not, some industries will die," said Miss Eugenia Charles, Prime Minister of Dominica.

But Mr George Mallet, Trade Minister of St Lucia, is urging community members to respect the undertaking to dismantle all barriers to trade by October. Mr Rainford has suggested that some concessions may have to be made by the heads of government this week.

He hoped that the concerns of countries would be taken into account. One possibility was that if a country had difficulties with particular products, these might be excluded, while still meeting the target date.

The heads of government will decide this week whether a regional export bank to provide pre- and post-shipment financing can be started with \$16m from their own resources.

Norway sees 17% rise in trade with Soviet Union

BY KAREN FOSSLI IN OSLO

NORWAY'S Export Council is forecasting an increase of 17 per cent this year in trade with the Soviet Union.

Until now, Norway's exports have remained stable at about Nkr600m (\$60m) annually.

Negotiations recently ended for Norway to supply the Soviet Union with Nkr100m-worth of electronics, machinery and paper products. Contracts are soon to be signed.

Last year, however, the Norwegian government introduced tough legislation to protect Western technology from export to the Soviet Union after it was discovered that Kongsberg Vapentabrik, the arms maker, violated Cocom rules when it exported numerical control systems to the Soviet Union.

This could limit Norway's exports to the Soviet Union if they are categorised as "strategic goods".

However, there are evidences of new exports potential which falls outside the strategic goods classification.

Barents Offshore Consortium

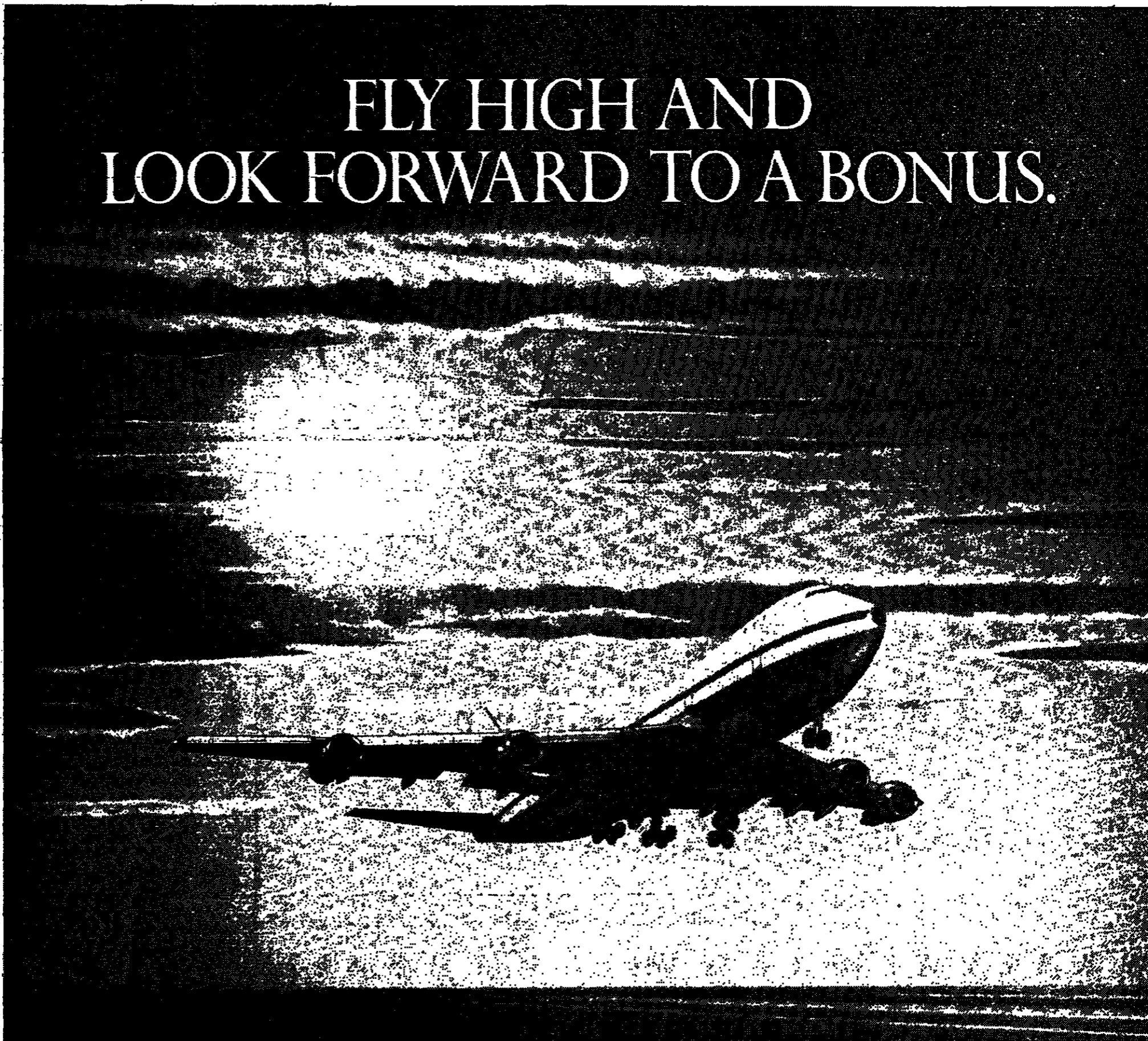
(Bocconor), the Norwegian company formed five years ago to represent Norwegian suppliers of offshore oil and gas industry goods and services, is negotiating the supply by the Norwegian engineering and construction companies, Norwegian Contractors (NC) and Astrup Hoyer, of six navigation/lighthouse towers.

The two companies are in the last phase of bidding to supply the towers, to be located in a channel in the Baltic Sea near the Latvian city of Ventspils.

Talks between Norvik Hydro and the Soviet Union are continuing for a co-operation deal in aluminium production on the Kola Peninsula.

Norway is already co-operating with the Soviet Union in the field of fish-farming.

Trade in this sector is also expected to increase. In January, Norway and the Soviet Union signed an export credit agreement for Ecu 75m (about £32.8m) during a three-day visit by the Soviet Prime Minister, Mr Nikolai Ryzhikov.



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FT LAW REPORTS

Presence of one token man does not disqualify woman's equal pay claim

PICKSTONE AND OTHERS v FREEMANS PLC
House of Lords
(Lord Keith of Kinkel, Lord Brandon of Oakbrook, Lord Templeman, Lord Oliver of Aylmer and Lord Jauncey of Tufton; June 30 1988)

A WOMAN may claim parity of pay with a specified male colleague whose work is of equal value to hers, and she is not precluded from doing so by the fact that another man is employed in the same work as she is.

The House of Lords so held when dismissing an appeal by the employer, Freemans plc, from a Court of Appeal decision on a preliminary point, that Mrs Pickstone and four other female employees were entitled to claim equal pay with a man for work of equal value.

LORD KEITH said that under the Equal Pay Act 1970 which came into force with amendments on December 29 1975, a woman employee could claim parity of pay with a male employee in the same establishment only where she was employed on "like work" with the man (section 1(2)(a)), or where she was employed on work rated as equivalent with his (section 1(2)(b)).

By section 1(5), a woman's work could only be rated as equivalent to that of a man if her job and his had been given equal value on a job evaluation study.

A job evaluation study could not be carried out otherwise than with the consent of the employer.

The EC Commission took the view that that state of the law did not comply with the UK's obligation to implement article 119 of the EC Treaty, enjoining application of the principle that men and women should receive equal pay for equal work.

The UK took steps to correct the defect in its equal pay legislation. It introduced the Equal Pay (Amendment) Regulations 1983. Regulation 2(1) inserted a paragraph (c) after section 1(2)(b) of the 1970 Act.

Paragraph (c) provided that work "not being work in relation to which paragraph (a) or (b) applies," and which was "of equal value to that of a man in the same employment," namely the one male warehouse operative. So, it was said, Mrs Pickstone's work did not qualify under paragraph (c).

The question was whether the exclusionary words in paragraph (c) were intended to have effect whenever employees were able to point to some man who was employed by them on "like work," or whether they were intended to have effect only where the particular man with whom the woman sought comparison was employed on such work.

The latter was the correct answer. The opposite result would leave a large gap in the equal work provision, enabling an employer to evade it by employing one token man on the same work as a group of potential women claimants who were deliberately paid less than a group of men employed on work of equal value. That would mean that the UK had failed yet again fully to implement its obligations under the Treaty.

For those reasons and those given by Lord Templeman and Lord Oliver, the appeal should be dismissed.

LORD TEMPLEMAN said that the appeal was on a preliminary point of law decided on assumed facts. The assumptions were that Mrs Pickstone's work was of equal value to that of Mr Phillips, and that she was paid less on grounds of sex.

An industrial tribunal and the Employment Appeal Tribunal accepted Freemans' argument based on the fact that that one of the warehouse operatives was a man doing the same work as Mrs Pickstone. The Court of Appeal decided that under EC law Mrs Pickstone had an enforceable right, on the assumed facts, to equal pay with Mr Phillips for work of equal value.

Article 119 of the EC Treaty directed that each member state should ensure... the principle that men and women should receive equal pay for equal work." Article 1 of the Equal Pay Directive (75/117/EEC) provided that the principle of equal pay meant "for the same work or for work to which equal value is attributed, the elimination of all discrimination on grounds of sex..."

Section 1(2)(a) of the 1970 Act, as amended by the Sex Discrimination Act 1975, entitled a woman to receive equal pay for "like work," and correspondingly EC law which required equal pay "for the same work." Section 1(2)(b) entitled a woman to receive equal pay for "work rated as equivalent," and was thought by the UK to correspond to EC law which required equal pay for "work to which equal value is attributed."

According to Freemans, the 1983 Regulations deprived some women of the right to pursue their claims. They said that Mrs Pickstone might have a valid complaint that she was not receiving equal pay with Mr Phillips for work of equal value; but if she sought to remedy that discrimination under section 1(2)(c) she would be debarred because she was employed on "work in relation to which paragraph (a) or (b) above applies."

Those words in paragraph (c) were not intended to create a new form of permitted discrimination. When a woman claimed equal pay for work of equal value, she specified the man with whom she demanded parity. If paragraph (a) or (b) applied in relation to that man, then the woman could not proceed under (c).

After "applies" in paragraph (c), the "man" between the woman and the man with whom she claims equality" must be implied.

That construction was consistent with EC law. Freemans' construction was inconsistent with EC law and created a permitted form of discrimination without rhyme or reason.

Under EC law, a woman was entitled to equal pay for work of equal value to that of a man in the same employment. That right was not dependent on there being no man employed on the same work as the woman. Under British law a woman was entitled to equal pay for work rated as equivalent with that of a man in the same employment. That right was not dependent on there being no man employed on the same work as the woman.

It was clear from parliamentary debates leading to approval of the draft Regulations that that construction corresponded to the Government's intentions.

LORD OLIVER, agreeing, said that a construction permitting section 1(2)(c) to operate as a proper fulfilment of the UK's obligation under the Treaty, filled a gap by implication arising from the manifest purpose of the Act and the mischief it was intended to remedy.

That could be justified by the obligation to apply a purposive construction which would implement the UK's obligations under the Treaty.

The Regulations had been passed with the manifest and express purpose of producing full compliance with the UK's obligation, and they fell to be construed accordingly. The words of section 1(2)(c), though unequivocal on their face, were reasonably capable of bearing a meaning which would not put the UK in breach of its Treaty obligations.

Lord Brandon and Lord Jauncey agreed with all three judgments. The appeal was dismissed.

For *Freemans*: Christopher Carr QC and Patrick Elias (Slaughter & May)

For *Mrs Pickstone and others*: Anthony Lester QC and David Pannick (Shurps Pritchard & Co for W Douglas Clark, Brookes & Co, West Bromwich)

Rachel Davies
Barrister

Heron International 1988 Results

£ million	1984	1985	1986	1987	1988
Profit Before Taxation	25.8	32.5	40.3	50.1	55.2
Shareholder's Funds	241.1	270.1	300.1	360.0	416.4

Heron International

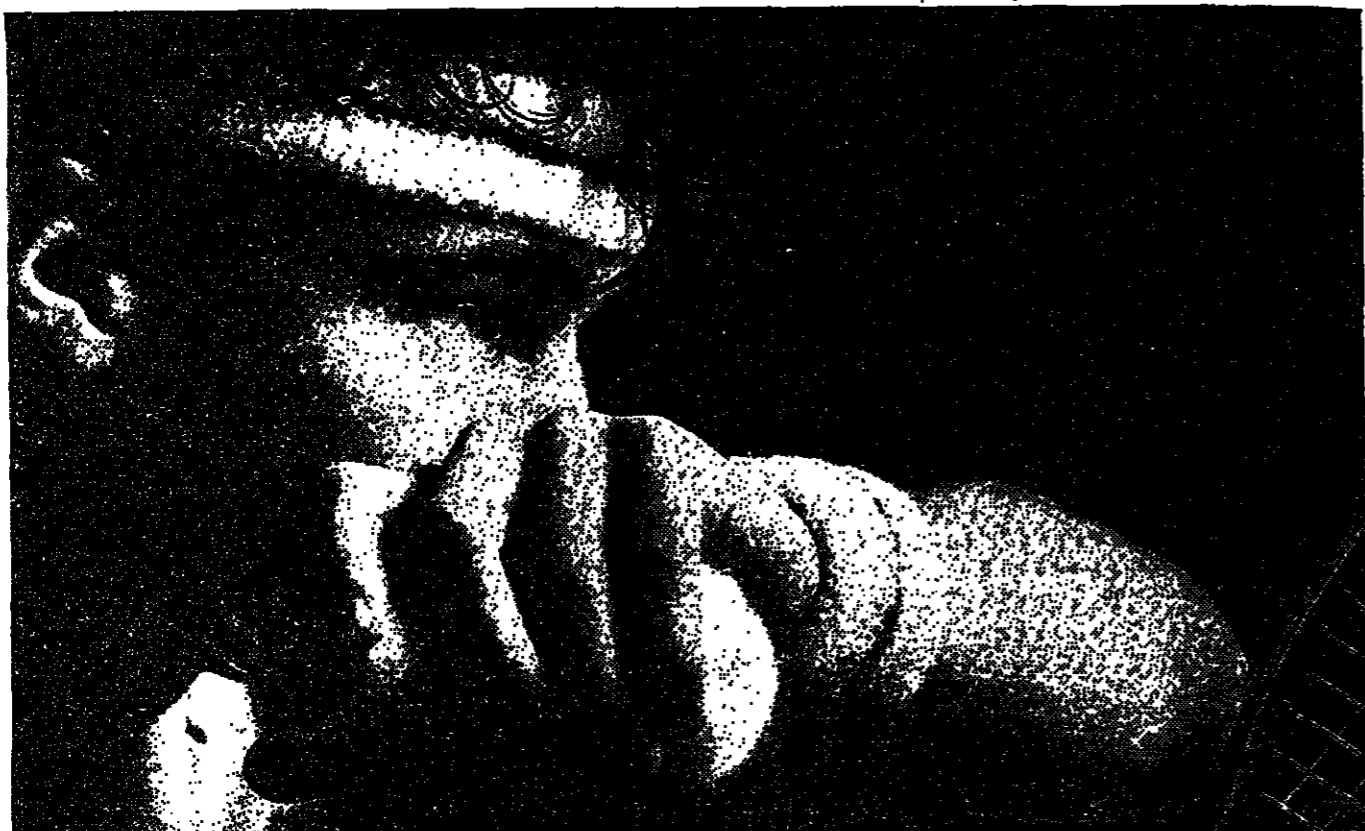
Heron International reports a continuation of its unbroken record of growth in earnings and net worth.

Heron's management team continues to focus on the group's core businesses of property investment and development, house building, insurance, motor retailing and wholesaling and petrol retailing.

The current year will be one in which further emphasis will be placed on Heron's European activities, although the group remains alert to acquisition opportunities on both sides of the Atlantic.



Copies of the Report and Accounts for the year ending 31st March 1988 are available on request from the Secretary, Heron International, Heron House, 19 Marylebone Road, London NW1 5JL. Telephone 01-462 4477



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Trusthouse Forte PLC

NOTICE OF A MEETING
of the holders of the outstanding
41,225,000 Warrants to procure the
subscription of Ordinary Shares of 25p each of
Trusthouse Forte PLC

Notice is hereby given that a Meeting of the holders of the above Warrants (the "Warrant Holders") convened by Trusthouse Forte PLC (the "Company") will be held at 166 High Holborn, London WC1V 6TT on Wednesday, 27th July, 1988 at 10.30 a.m. (London time) for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the instrument by way of Deed Poll (the "Deed Poll") dated 10th March, 1987 made by Citibank Luxembourg Bank Luxembourg S.A. ("the Bank").

EXTRAORDINARY RESOLUTION

"That this Meeting of the holders of the outstanding 41,225,000 Warrants (the "Warrants") to procure the subscription of 41,225,000 Ordinary Shares of 25p each of the Company (the "Company") the terms of which are governed by an instrument by way of Deed Poll dated 10th March, 1987 (the "Deed Poll") in favour of the holders of the Warrants (the "Warrant Holders") hereby:

approves and sanctions the purchase and cancellation by the Company of Ordinary Shares of 25p each in the capital of the Company up to a maximum aggregate amount of seventy-eight million, two hundred and forty-nine thousand, nine hundred and ninety (78,249,990) such shares."

Clause 4(A)(vii) of the Deed Poll provides that the Bank will exercise its rights pursuant to the terms of an Agreement between the Company and the Bank dated 10th March, 1987 to ensure that the Company does not, without the consent of an Extraordinary Resolution of Warrant Holders, purchase any shares comprised in its own share capital. The Company wishes to obtain the general consent of Warrant Holders to permit it to re-purchase its own shares up to an aggregate maximum of seventy-eight million, two hundred and forty-nine thousand, nine hundred and ninety (78,249,990) such shares. The Company would only re-purchase its own shares where its Board considers that such a re-purchase would result in an increase in expected earnings per share and would be in the best interests of the Company.

The Company has accordingly convened a Meeting of the Warrant Holders by this Notice to request their agreement by Extraordinary Resolution to the matters contained in such Extraordinary Resolution.

The Company considers that the proposed request for consent contained in the Extraordinary Resolution set out above is fair and reasonable in the circumstances and, accordingly, the Company strongly urges all Warrant Holders to vote in favour of the Extraordinary Resolution.

The attention of Warrant Holders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 of "Voting and Quorum" below.

Copies of the Deed Poll (including the Terms and Conditions of the Warrants) will be available for inspection by Warrant Holders at the specified offices of the Bank, Cedel S.A. and Euro-clear set out below.

In accordance with normal practice the Bank expresses no opinion on the merits of the proposed resolution but has authorized it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Warrant Holders for their consideration.

VOTING AND QUORUM

1. A Warrant Holder wishing to attend and vote at the Meeting in person must produce at the Meeting a valid voting certificate. A Warrant Holder not wishing to attend and vote at the Meeting in person may deliver his voting certificate(s) to the person whom he wishes to attend on his behalf.

A Warrant Holder may apply to Cedel S.A. or the operator of the Euro-clear System for the purpose of obtaining voting certificates, not later than 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjournment of such Meeting), giving voting instructions in respect of the relative Meeting Warrants in respect of which a voting certificate has been issued and which are held in the records of Cedel or Euro-clear. In the case of any such voting certificate, the instructions shall be in writing and shall be signed by the holder of the Warrant or by a person acting on his behalf in respect of which that person is representative.

2. The quorum required at the Meeting is two or more persons present in person holding voting certificates representing in the aggregate a clear majority of the Warrants for the time being outstanding. If within half an hour from the time fixed for the Meeting a quorum is not present the Meeting shall stand adjourned for such period, not being less than 14 days nor more than 42 days, and to such time and place, as may be appointed by the Chairman of the Meeting. At such adjourned Meeting the quorum shall be two or more persons present holding voting certificates whatever the number of the Warrants so held or represented.

3. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting or by one or more persons holding one or more voting certificates representing in the aggregate not less than one-third part of the Warrants for the time being outstanding. On a show of hands every person who is present in person and produces a voting certificate shall have one vote. On a poll every person who is so present shall have one vote in respect of each Warrant in respect of which that person is representative.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Warrant Holders, whether or not present at such Meeting and each of the Warrant Holders shall be bound to give effect thereto accordingly.

ADDRESSES AT WHICH COPIES OF THE DEED POLL CAN BE INSPECTED

Citibank Luxembourg Bank Luxembourg S.A.
47 Boulevard Royal
Luxembourg

or
the offices of The Citibank Luxembourg Bank, N.A.,
Woodgate House, Coleman Street, London EC2P 2HD

CEDEL S.A.
87 Boulevard Grande Duchesse Charlotte
Luxembourg

Euro-clear
Morgan Guaranty Trust Company of New York
Euro-clear Operations Centre
Rue de la Regence 4
1000 Brussels
Belgium

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Dated 5th July, 1988



The S-class range consists of the 300SE, 300SEL, 420SE, 420SEL, 500SE, 500SEL and 560SEL.

On the one hand, it is the most luxurious and sumptuous Mercedes-Benz in which to be driven. Sitting in the back the first thing you notice is the amount of space. There is a sense of serene calmness created by the generous interior and plush fittings.

On the other hand, it is the most exhilarating and rewarding Mercedes-Benz to drive. Sitting behind the wheel the first thing you notice is the comprehensive driver information service. Its clear, logical layout is the same across the entire S-class range. It is under the bonnet, however, where the differences lie.

The Mercedes-Benz S-class.

Two opposing points of view.

RECLINING IN LUXURY

A masterpiece of ergonomic engineering, the S-class has seats sculptured to prevent fatigue and discomfort. The rear bench stretches nearly five feet from door to door and allows for a heady 36.6 inches of headroom.

In the SE models there is enough rear legroom for a six footer to feel at ease. Imagine then, the phenomenal amount of room there is in the long wheelbase SEL versions.

Once comfortably reclined in the generous seats with the automatic air temperature control in full flow you are immersed in a feeling of total relaxation.

BIG ON CREATURE COMFORTS

The list of optional luxuries, including electrically adjustable rear seats, electric rear window roller blind, individual reading lights and an electric tilt and slide sunroof, leaves no doubt about the level of opulence that can comfortably be achieved.

There's no more comforting thought, however, than knowing the enjoyment of owning an S-class will not be spoilt by crippling depreciation. The high re-sale price of every S-class is a testament to the legendary Mercedes-Benz reputation for durability. To think of a Mercedes-Benz S-class as anything but one of the most supremely comfortable cars ever built would be very difficult.

HIGH POWER, LOW NOISE

The S-class range extends to seven models, with power units from 3 litres to 5.6 litres, each capable of turning in autobahn speeds of over 130mph. The peerless, 560 SEL is a masterpiece of automotive engineering, its light alloy 5.6 litre V-8 engine smoothly powers it to 62mph in a scant 6.9 seconds and takes it upwards to a prodigious 156mph*. No car in its class can match its performance regardless of engine size or number of cylinders. The 300 DIN/hp power output so lightly taxes the engine that it makes a barely audible murmur, even under brisk acceleration.

PIONEERING SAFETY

When its supreme combination of handling, ride and performance is added to its enviable list of safety features the S-class is unmatched by any car in the world.

Mercedes-Benz pioneered the rigid passenger safety cell and the scientific crash testing of cars. The S-class benefits from these as well as contemporary innovations such as ABS anti-lock braking, front seat belts with electronic tensioners that tighten on impact and pedals that swing away to reduce injury to the feet in a frontal collision. To think of a Mercedes-Benz S-class as anything but one of the most supremely satisfying drivers' cars ever built would be very difficult.



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UK NEWS

Ulster policemen face inquiry over fatal shootings

BY OUR BELFAST CORRESPONDENT

TWENTY OFFICERS in the Northern Ireland police force are to face disciplinary proceedings arising from the Stalker-Sampson inquiry into three controversial shootings in County Armagh, in which six men died.

Mr Kelly was appointed by Mr Tom King, the Northern Ireland Secretary, to examine possible disciplinary action against individual officers after Sir Patrick Mayhew, the Attorney General, announced in the House of Commons in January that no officer would face criminal proceedings arising from the Stalker-Sampson inquiry into an alleged RUC shoot-to-kill policy in south Armagh.

Rolls seeks £100m in aid

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has applied to the Government for about £100m in launch aid towards the estimated £300m development cost of the new version of its RB-211-524 engine, the model L.

powerful of the RB-211-524 engines with 65,000 lb thrust but will be capable of rising to well over 70,000 lb.

Freeze order maintained on assets of Clowes' associates

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

DR PETER NAYLOR and Mr Guy Von Cramer, two former associates of Mr Peter Clowes, head of the collapsed Barlow Clowes investment companies, agreed in the High Court in London yesterday to continuation of temporary orders freezing their worldwide assets.

THE COURT-appointed administrators of James Ferguson Holdings, parent of the collapsed Barlow Clowes investment group, expect this week to make their first sale of part of the business, with a second planned for early next week.

The order against Dr Naylor restrained him and his wife Victoria from dealing with up to £1.75m of their assets, including, in the case of Dr Naylor, money in the Louthbury branch of the National Westminster Bank and shares in James Ferguson (Holdings).

companies have been involved in any unlawful or improper association or dealings with Mr Clowes or any of his companies.

£10.6m deposit used as collateral, later discovered to have come from money belonging to Barlow Clowes investors.

and his lawyers and the lawyers for BCI and the receivers.

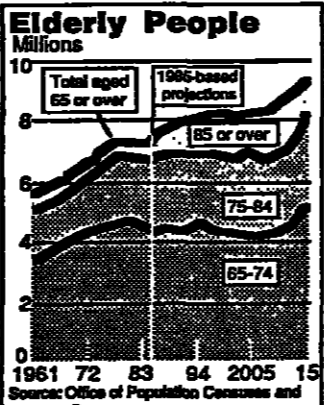
Health service wonders if life begins at 40

ALAN PIKE reports on a landmark in the provision of state health care in Britain

AFTER NINE months of political fever during which it has sometimes seemed in a more critical condition than most of its patients, Britain's National Health Service has today arrived alive at its 40th birthday.

with a reception in London for health service employees from throughout the country. He praised the work of NHS staff but carefully avoided giving them any predictions about what is to come.

retired people - whose health care demands are heavy but where take-up of private insurance is low - would overcome most of the objections to open-ended incentives.



review. One of these - one which it has been easy to overlook during the recent funding crisis, when almost all attention has been focused on the hospital sector - is the general practitioner system.

achievements of the NHS has been to spread around the country - although not yet to a perfect degree - the nation's scarce resources of medical equipment and expertise.

Advertisement for the Pinwriter P2200 printer, highlighting its speed of 56 cps and letter-perfect output.

Advertisement for the Multisync Monitor, featuring automatic scanning of frequencies and compatibility with IBM graphics boards.

Advertisement for the NEC laptop computer, emphasizing its lightweight design and performance.

Advertisement for NEFAX, a facsimile machine that sends text and graphics over phone lines.

Advertisement for NEC PBX and key phone systems, designed to simplify complex switchboard operations.

Advertisement for satellite communications, showing how NEC's microwave radio systems help with global corporate communications.

Advertisement for NEC's sponsorship of international sports events, including the Davis Cup and the NEC World Series of Golf.

Large advertisement for NEC featuring the slogan 'All Of Them.' and a list of various computer and communications equipment.

Legal notice from J. Bildner & Sons, Inc. regarding a 7% Convertible Subordinated Debenture due 2002, including details of a default and a meeting for debentureholders.

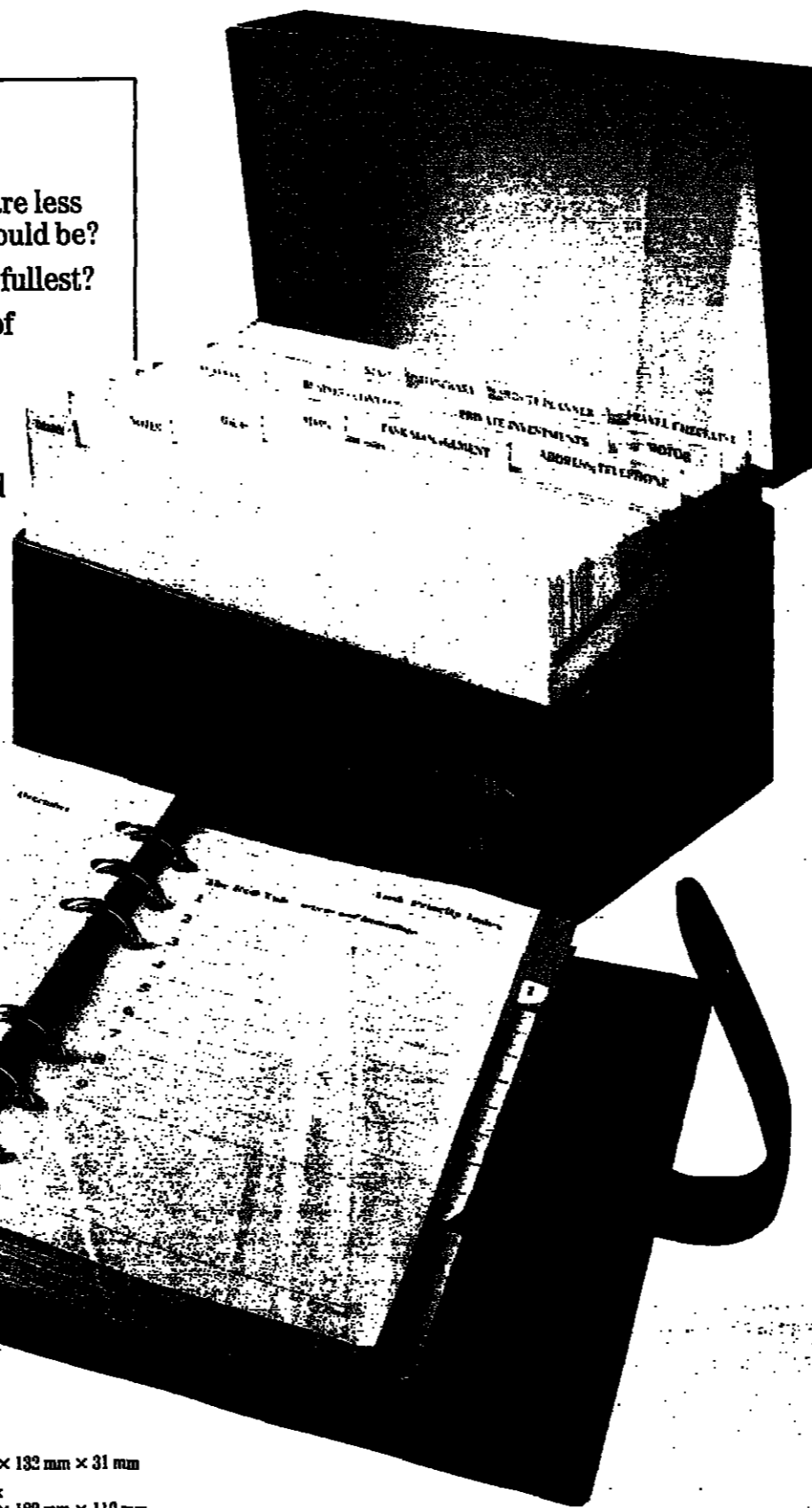
Advertisement for Beefeater Negroni, featuring a bottle of Beefeater gin and a glass of the cocktail, with a recipe and contact information.

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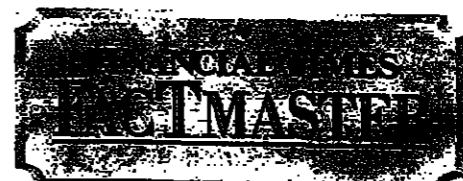
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FINANCIAL TIMES SURVEY



Norway is recovering only slowly from the economic crisis which hit the country in 1986 as a result of the

collapse of oil prices. But, reports Robert Taylor, painful readjustment is stimulating a reappraisal of social and political objectives, including its future relationship with the EC.

In search of a strategy

NORWAY THIS summer resembles Ibsen's Peer Gynt - "Forward or back, it's equally far. Outside or in, I'm still confused". The country is in an uneasy and frustrated mood, anxious about the future and doubtful of what to do next.

"We suffer from a real lack of intellectual curiosity", laments Mr Terje Osmundsen, the main author of an influential study published a few months ago that sketched three possible scenarios for Norway's destiny over the rest of the century. (Scenario 2000)

"Many people here are really quite comfortable staying as a small corner of Europe believing others are envious of them". He talks eloquently about Norway's provincialism, its banking for coziness and suspicions of an unfamiliar outside world. "We are fragile and vulnerable", he declares. "Norway lacks strong historical traditions".

What worries Mr Osmundsen, a former chief adviser to Norway's last centre-right government and now working for Saga Petroleum, is that his country will fail to come to terms with the European Community during the 1990's and remain outside the mainstream of European history.

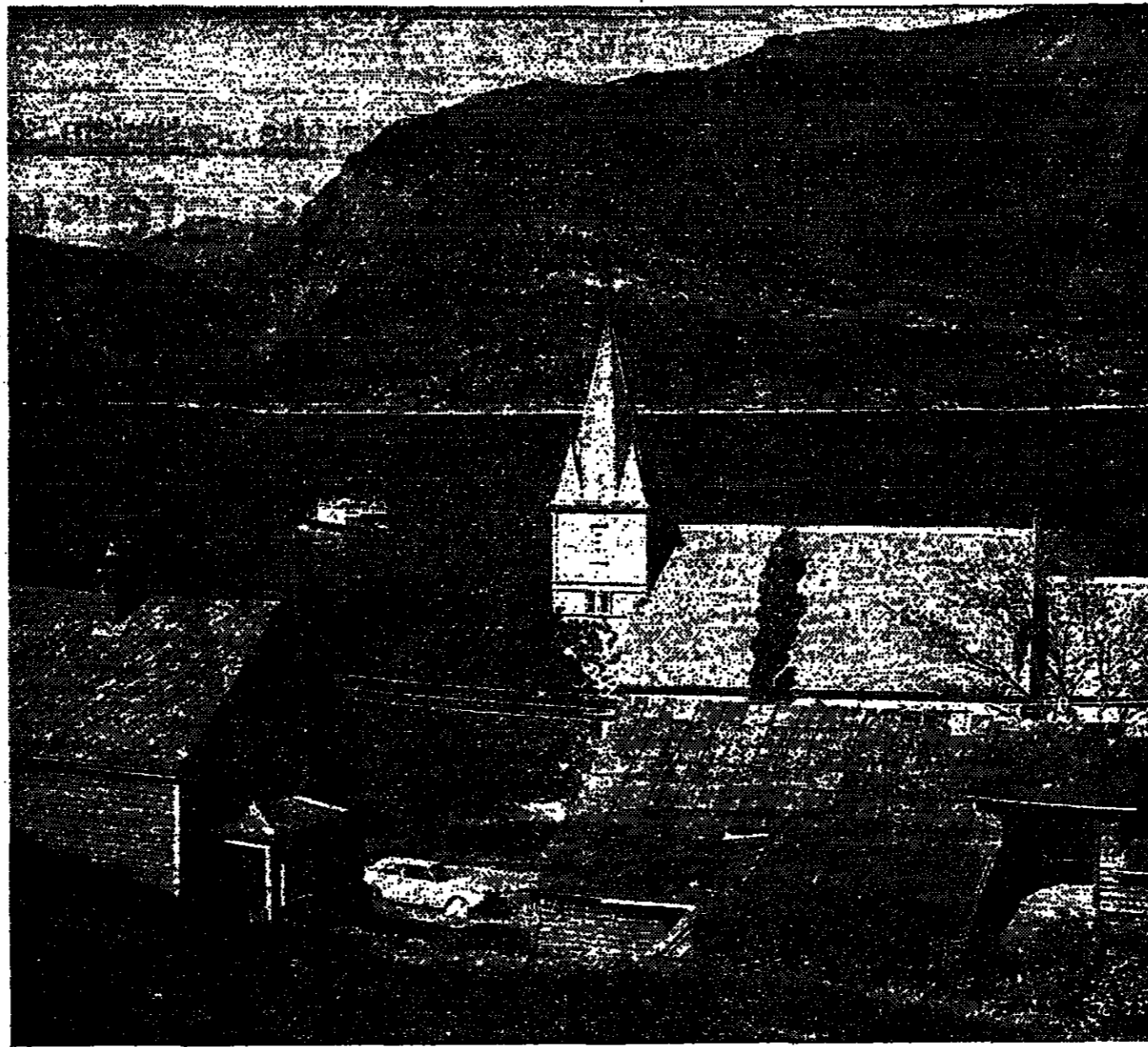
He believes there is an "hesitant ambiguity" about Norway's attitude to what is happening in the Community and he fears that it will be excluded from many of the "networks of influence" that are already breaking down the barriers between European nation states.

It is certainly true that Norway's national debate about its future relations with the EC has hardly yet made much impact. No doubt, many politicians still remain sceptical by the memories of the 1972 referendum when by 54 per cent to 46 per cent Norwegians opposed EC entry. The most recent opinion polls suggest feelings for and against EC membership are running about equal and there is no wide groundswell of opinion flowing in either direction. It is not surprising that the new rising right-wing political force in Norway - the Progress party - is at best agnostic about the EC.

Indeed, as Norway's beleaguered Prime Minister Mrs Gro Harlem Brundtland readily admits, almost all the political parties "are divided" within themselves on the European question. Just before the summer recess Parliament debated a government White Paper on the subject of relations with the EC, which took a studiously balanced view. But, as Mrs Brundtland argues, Norway intends to "co-operate actively with the EC to the extent to which this is at all practicable".

Norway already participates freely in a number of EC-inspired research programmes like Eureka and it recently became a full member of the European Space Agency. As a founder member state of the North Atlantic Treaty Organisation, Norway has no difficulties in welcoming the EC's move towards a free internal market by 1992.

Economically, Norway is more firmly than ever interlinked with the EC. Over 70 per cent of the country's exports now go to EC



NORWAY

countries and that proportion can be expected to rise still further. It is Norway's declared intention to contribute to the EC's needs with reliable and substantial supplies of oil and gas from the North Sea. Individual big companies like Norsk Hydro have already been pursuing a determined policy to extend their power through mergers and amalgamations throughout the EC.

But the critics of what they see as the "sworpsbord" approach to the EC believe that Norway's opinion makers will have to adopt a much more open and idealistic strategy if they are going to carry the people with them into a new relationship with western Europe.

Yet the present economic and political climate is hardly conducive to such an approach. Norway is recovering only slowly and painfully from the crisis that hit the country in the spring of 1986 with the dramatic collapse in oil prices, the devaluation of the kroner and the onset of a much tighter fiscal policy to reduce the country's soaring balance of payments deficit.

Living standards for most Norwegians have fallen over the past two years through a squeeze on private consumer demand and this relative austerity looks like continuing for some time yet.

Earlier this year, a legally-enforceable incomes policy was introduced to curb the dangers of

wage-push inflation and, although both the main union organisations and employers agreed with it, many workers remain unenthusiastic about restrictions by law on their freedom to bargain collectively. It is true that the Kroner remains strong on the foreign exchange markets, the deficit is falling along with the rate of inflation and there are obvious signs of an improvement in the export performance of Norway's traditional on-shore industries over recent months. But there is still a long way to go before the economy is back in balance.

Mrs Brundtland knows this and so do the country's other mainstream politicians and economic policy-makers, but Norwegian public opinion remains much less certain. From the middle of the 1970s Norwegians were led to believe that they could enrich themselves on the bountiful revenues of North Sea oil and gas without any obvious dangers to the economy. The boom in lavish welfare state benefits, subsidies to farmers and sunset industrial concerns, as well as the huge upsurge in consumer spending, all gave the impression that Norway could overheat with impunity.

The seemingly everlasting mid-summer feast came to a halt in 1986. But it was a shock for many unsuspecting Norwegians, who ran into debt in their desperate efforts to maintain their already comfortable life styles. Norway's economy and political system have been struggling with the aftermath of that excess ever since and it has not been easy.

But at least it has provided an opportunity for the country to reassess its values and question what its future ought to be like. The publication of Scenario 2000, an independent research project, last November has stimulated a national debate in Norway and although it has failed to produce any tangible conclusions up until now it continues to remain the focus for discussion.

The report suggested three possible scenarios for Norway by the year 2000. Firstly, there was the "care" scenario, which was otherwise known as "women in oil". This would lead to a much more dominant role for women in Norway, who will insist that the country spends much more than it already does on the caring services for children, the old and the sick. The scenario supposes that a steady growth in oil production and a return to increasing oil revenues will provide the necessary

Economy: still some way to travel	1	Energy: oil reserves estimate cut	4
Politics: a Prime Minister under siege; the appeal of Progress	2	Immigrants: a need for more	4
Industry: looking for EC footholds	3	Picture(left): village of Utsal on Utasfjord, an arm of Hardangerfjord	
Stock market: a slow recovery	3		

Key facts

Population 4,175,171 (end of 1986)
 Area 384,000 sq kilometres
 GNP per head \$4,607
 GDP NKR516bn
 Trade(1987): Exports NKR199.7bn
 Imports NKR211.5bn
 Current account balance NKR-27.5bn
 Structure of merchandise exports Oil and gas NKR53.5bn
 Manufactured goods NKR144.5bn
 Structure of merchandise imports Raw materials and manufactures NKR143.7bn
 Services NKR68.1bn
 Debt service as percentage of GNP: 5 per cent
 Average annual growth rate: 0.2 per cent
 Average annual rate of inflation: 5.5 per cent

wealth for public service expenditure growth. The state's share of Gross National Product would jump from its present figure of 50 per cent to 60 per cent and Norway would remain a predominantly raw material producing country. Unemployment would stay low and economic growth remain just less than the west European average. However, Norway would not join the EC, although many firms would have moved lock, stock and barrel into the Community.

Secondly, the report suggested a "decay" or "crumbling consensus" scenario. This means that Norway's political and economic institutions fail to meet the challenge of a much tougher international climate during the 1990s. Instead, the country's industrial/financial complex insists on a huge rise in oil production, which triggers off wage and price inflation, pushes up the exchange rate and threatens Norway's traditional exports. The boom is followed by a slump in oil prices that leads to massive unemployment by Norwegian standards (over 10 per cent) and a desirous annual growth rate of 1.4 per cent. Norway polarises socially and is forced to enter the EC in a panic. Understandably, nobody believes such a scenario likely but as the report's main author Terje Osmundsen points out: "This story is based on the thesis that the traditional consensus and cohesiveness of Norwegian society are already in great difficulties. These weaknesses have partly been hidden by the petroleum bonanza of the last decade, but will increasingly appear on

Continued on page 4.



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NORWAY 2

Robert Taylor examines prospects for the economy

Some way to travel

THERE IS general agreement among observers both inside and outside the country that the Norwegian economy still has some way to travel before it reaches a stabilised condition.

But the course it embarked upon two years ago, at a time of real crisis, appears to be making some progress towards that objective, even though the influential governor of Norges Bank, Mr Hermod Skaanland, has warned on more than one occasion this year that the country "has not made great strides towards balance" even if most ordinary Norwegians have been feeling the pinch through real cuts in their living standards and a growth in their personal debts.

For her part, Mrs Brundtland insists that the economic outlook is more promising and she points to a near halving of the balance of payments deficit, a fall in inflation and a cut in interest rates since approval of the revised budget in May.

Remarkably, the events of the past two years have not provoked a growth in unemployment. On average, only 2 per cent of Norway's workers have been jobless so far this year, though that figure is expected to rise, but not by much, during 1989.

Yet it has been very difficult for the minority Labour government to exercise a firm control over the economy, and the restrictive measures which have already been taken to deal with Norway's crisis remain deeply unpopular with the electorate.

The Prime Minister seems determined enough, however, to stick by her present economic strategy. "We need to keep a tight fiscal policy for several more years to reduce inflation and deal with our foreign trade imbalance," she told the Financial Times in a special interview. Even now the current external deficit amounts to nearly 5 per cent of Norway's GDP, one of the worst figures of any country in the Organisation of Economic Co-operation and Development (OECD).

Her government has not had very much success so far in curbing public sector spending. It grew last year by as much as 5.4 per cent at a time when private consumption dropped by 2.2 per cent.

In its latest economic review the Christiania Bank highlighted the persistent upward march of local government spending, which it suggests has added to inflationary pressures in the economy and prevented the re-channeling of resources into the export-competing sector. The government hopes to bring greater financial self-discipline into council spending this year but it may prove very difficult to hold the line.

Moreover, the country's massive subsidies to agriculture and industry remain to be cut back. Production subsidies as a percentage of gross value added in agriculture amounted to more than 40 per cent in the early 1980s and they have not fallen back by much since that period. Norway devoted 6 per cent of its central government spending to the agricultural sector in 1986.

The weaker industries like textiles, shipbuilding, mining and metal processing also benefitted from state subsidies. But the Government does appear to be in the mood now to reorganise those sectors by accepting the need for contraction, though it is understandably anxious that this could lead to social hardship in the remote areas of the far north, where vulnerable plants are situated.

The lack of industrial competitiveness also worries economic observers. The decision to cut the basic working week for all Norwegians on 1 January 1987 from 40 to 37.5 hours, without any corresponding decline in real earnings, has proved to be expensive, particularly given the continuing full employment. Between 1985 and this year unit labour costs in manufacturing went up by a huge 23.25 per cent.

However, the introduction of a 5 per cent incomes ceiling policy by the Government this spring should go some way towards calming wage push pressures, particularly if the rate of inflation continues to fall. But some observers believe there is a real danger that the government will not achieve its aim of bringing the rate of inflation down below 5 per cent by the end of the year and that this will re-open existing wage agreements and, in all likelihood, trigger a further wave of pay increases into 1989.

The banks are particularly concerned at the high level of household net debt resulting from the spend-spand years of the middle 1980s. Back in 1983 the net debt of the country's net debt increase of Nkr105bn was due to borrowing by private con-

sumers.

But the magnitude of Norway's problem - to become less dependent on oil revenues for its economic well-being - is often not appreciated by outsiders. As Mr Tor Steig of the Federation of Norwegian Industry points out, three years ago the tax benefits derived from oil and gas amounted to Nkr46.7bn and this year the figure will be only Nkr10.5bn.

However, not all is gloom in the Norwegian economy. "We have seen a strong improvement in our exports from traditional industries," says Mr Jan Ves from the Export Council. In the first four months of this year, there has been an 18 per cent growth in fish exports, and engineering and chemical exports have also registered massive increases.

The Federation of Norwegian Industries believes there will be a 6.2 per cent rise in the volume of the country's exports next year. Control of wage cost pressures and a growth in industrial investment should help in achieving this.

At the same time, the squeeze on private consumer demand has helped to keep down the level of imports. Last year they fell by 6.7 per cent in volume compared with 1986 and they are expected to decline still further, if by a lesser amount, both this year and next. The combination of rising exports and falling imports will go some way to cut Norway's external deficit, though it is still officially expected to be Nkr24.1bn this year.

Nonetheless, the government's revised budget was well received by the money markets, even if it did not introduce any further measures to curb demand. The Central Bank cut its interest rate by 0.5 per cent to 12.3 per cent after the budget and an already strong Krone on foreign exchange markets, did not waver.

In Mrs Brundtland's opinion, Norway's economic troubles have stemmed both from a fall in world oil prices two years ago and a lack of competitiveness in the country's old industries. Now she believes that Norway is "half-way" to recovering from its troubles. But the question remains whether there is the patience to see through the necessary long haul, particularly in a general election year.

Robert Taylor

Profile: Mrs Gro Harlem Brundtland

A Prime Minister under siege

In 1974 she was put in charge of the Environment department by the Labour government of Mr Trygve Braatteli, a post she held for five years. She only entered Parliament in 1977 as an MP for Oslo and two years later took over as deputy leader of Labour's parliamentary group.

A mother with four grown-up children, Mrs Brundtland lives in Bygdøy, one of Oslo's fashionable suburbs with her husband Arne, who is an active Conservative party politician and a foreign policy strategist. She has acquired a formidable reputation for her brisk, no-nonsense style of government, though there are those in her party who dislike what they regard as her autocratic style of leadership. A passionate believer in women's equality, Mrs Brundtland practices what she

preaches. Just over half her Cabinet are women.

She seems to thrive on adversity and is in no mood to change course or admit the probability of defeat. Mrs Brundtland remains convinced that the electoral pendulum can still swing back to Labour. Despite her precarious position, the Prime Minister has not shirked from taking tough decisions to deal with Norway's economic crisis year.

"We have done much of the job", she said. "But we still have some way to go. Gradually our

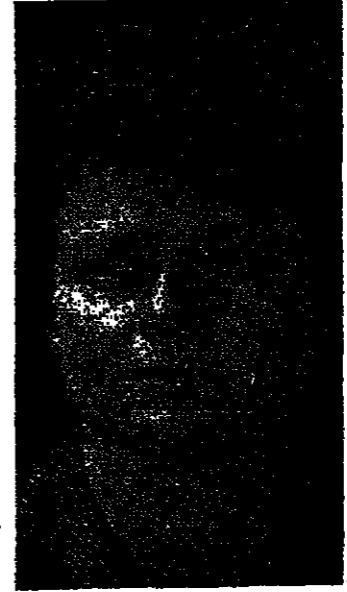
She expressed her clear determination to fight on in restoring the damaged economy

economic measures are working and people are beginning to feel their positive results, with prices increasing falling and interest rates coming down." However, Mrs Brundtland talks of "several more years of tight economic policy to avoid inflation and foreign trade imbalances".

She faced an unenviable economic inheritance when she was asked to form a minority government after the May 1986 crisis and the resignation of Mr Kåre Willoch's centre-right coalition Government. Under Norway's constitution, general elections can only be held at four-year intervals and no government has the power to dissolve Parliament in between. This has made it particularly difficult for Mrs Brundtland and her cabinet colleagues because they lack an overall parliamentary majority.

Only last month the Government was defeated by 51 votes to 75 in Parliament over the siting of Oslo's new airport. As many as 14 Labour backbenchers defied the Government line in what amounted to a party humiliation. In its aftermath Mrs Brundtland sought to restore her authority and carried out a Cabinet reshuffle.

The dangers of political paralysis in Norway are beginning to worry the Prime Minister. She is particularly alarmed by the dramatic rise in popularity of the Progress party, which she regards as extreme right-wing populism. "It is a protest against common responsibility," she declares. Mrs Brundtland compares what is happening to the anti-tax movement in Denmark and the appeal of the National Front in France.



Mrs Gro Harlem Brundtland

She hopes that next year the outlook will improve for the Labour party. Certainly the Prime Minister intends to do all she can to confront the present political dangers that appear to threaten the country's social consensus built up after the Second World War.

However, the Labour party is experiencing severe difficulties with the voters at the moment. Many trade unionists dislike the Government's statutory incomes policy because it threatens collective bargaining and damages their living standards. The MMI poll organisation has found that Labour is not very attractive to younger voters any more. There also appears to be a gap between the party's idealistic leadership and its shrinking working class base. However, Labour still remains relatively strong in the northern areas of Norway and the party continues to do well among women, especially among those who work in the public services.

Mrs Brundtland is planning a major political offensive for next spring, which she hopes will convince disillusioned former Labour voters that her party is in the best position to uphold the values of the post-war consensus, as well as provide a realistic strategy for the country over the next decade.

Certainly the 1989 general election promises to focus Norway's attention on the distinctively different political alternatives now being offered by the parties. Mrs Brundtland will be a formidable standard bearer for the Labour Movement however unpopular she appears to be this summer.

Robert Taylor

Politics

The appeal of Progress

THE RISE of the Progress Party has been the most dramatic political development in Norway since the Nazi occupation of 1940. "It amounts to a revolution in attitudes," said one pollster with MMI, the country's leading public survey organisation.

Last month, it is true that Progress slipped a little in electoral popularity, going down from 14.4 to 13.1 per cent - but at the last election in 1985 it polled a mere 3.5 per cent of the total vote and it has only two seats in Parliament at the moment.

Some observers believe that Progress may have peaked but Mrs Brundtland and other politicians in the established parties are not so sure. They fear the appeal of Progress will attract many voters into its fold in September 1989, adding a further degree of instability into Norwegian politics.

There is not much doubt that the sudden upsurge in support for Progress stems from the traumatic spring of 1986. The economic crisis at that time and the resignation of the non-Socialist government shattered popular illusions that prosperity could go on rising effortlessly and it dealt a serious blow to the credibility of the traditional politicians and their promises.

Progress has capitalised on the serious erosion of public confidence in Parliament and government, posing as the anti-party party, which will make a radical break with the old politics of the social consensus. It has drawn on the deep fears that lie just beneath the surface of Norwegian society about what its future is going to be.

Progress favours localism and is suspicious of the world outside Norway, particularly the European Community. It wants to slice away the heavy subsidies that protect the insular part of the economy, including the oil and gas industries; tighten up on existing immigration controls and reassert governmental authority. Above all, Progress favours low taxation and a big cut in all forms of public expenditure.

The party is led by the 44-year-old charismatic Mr Carl I Hagen, who has the exciting style of an American politician. His wit and cleverness have made him very popular. Mr Hagen says what other Norwegians are thinking but dare not say, observes one seasoned expert of Norwegian politics. He has shaken together an intoxicating mixture of economic liberalism and social conformity that has found a welcome among a growing section of the angry and frustrated electorate.

The MMI pollsters have found that Progress makes its most effective appeal among men between the ages of 30 and 40

PARTY	POLITICAL TRENDS		
	SEPT 1987	SEPT 1987*	JUNE 1988**
Labour	41.8 (71)	35.9	33.5
Left Socialists	4.9 (8)	5.7	7.2
Conservatives	30.4 (50)	23.7	24.1
Christian People's	8.8 (16)	8.1	7.3
Centre	8.8 (12)	6.8	5.0
Progress	3.7 (2)	12.3	16.1
Liberals			5.2

* Number of seats in Parliament. ** General Election, if at scheduled election. ** MMI poll



Carl Hagen, Progress Party leader, celebrating his party's success in last year's municipal elections with his wife Eli who are self-made but have been the old centre-right parties continues to upset them.

But the Progress leader can hide his time. He has played an active senior role in the party since it was founded in 1978, taking charge in 1978. Mr Hagen studied at the Newcastle College of Commerce and took part in British student politics in the early 1960s when he knew Labour's present education spokesman, Mr Jack Straw. Before embarking on his political

career, he was managing director of the Norwegian subsidiary of Tate and Lyle, the UK sugar company.

It is widely believed that Progress cannot remain a protest movement for much longer. If it wants to thrive in Norwegian politics it will have to learn to compromise. There are some signs that this is starting to happen. Last month Progress backed the Conservatives on Oslo city council in a vote for cuts in the budget.

Moreover, the pollsters believe support for Progress is volatile and not very deep. A marked improvement in the economy could hurt Mr Hagen's chances. The other parties are also bound to increase their attacks on Progress as the next general election approaches, suggesting that it wants to destroy the social consensus of the past 40 years.

Many voters may well dislike the prospect of heightened political tensions, which would follow a huge success for Progress in 1989. Much is going to depend on Mr Hagen's tactics. To a surprising extent, his party is very much a one-man band. Over the past two years he has displayed a mastery of parliamentary manoeuvres. In the different post-election circumstances he may well find himself drawn into coalition government with the Conservatives. But if that did happen, Mr Hagen would lose the purity of his appeal as the anti-political politician. On the other hand if he stayed out of power on the sidelines he may find his party losing support because of its refusal to shoulder the burdens of office.

Yet win or lose - Mr Hagen is shaking up Norwegian politics in an interesting way that has caught the public's imagination.

Robert Taylor

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NORWAY 4

Norway is faced with a declining population

A need of immigrants

A RECENT opinion poll from MMI found that 58 per cent of Norwegians are very tolerant towards foreign immigrants in their midst, even ready to accept them as members of their own family. But in recent years the country has acquired something of an international reputation for being hostile towards immigrants.

Some of the success of Mr Hagen's Progress party is put down to its call for tougher immigration controls. Fear of immigrants, especially from the Middle East and the poorer nations of southern Europe, seems to evoke deep fears among many Norwegians, particularly in the rural areas. But it would make much greater economic sense for the country to practice an open-door policy towards immigrants because many employers, especially in the Oslo area, are desperately short of labour of all kinds.

Earlier this summer, a government-appointed commission argued that immigrants into Norway might prove to be as profitable to the country as the revenues acquired from the Gullfaks and Snorre oilfields, estimating that every asylum seeker would eventually give Norway a capital value of about \$25,000 over the next fifteen years. The commission's findings revealed that the average foreigner settling down in Norway becomes a financial

asset not a liability within three years of arrival.

A recent official report prepared by Norway's Central Bureau of Statistics suggested that by the year 2005 the country would need an annual intake of 15,000 immigrants in the 20 to 30-year old age group to meet the demands of the labour market and boost the birthrate. If the present level of pensions and facilities available to pensioners were to be maintained into the next century.

This problem is due to the longevity of life for most Norwegians. Only the Australians live longer. And as the baby boomers of the 1950s enter retirement age, they will ensure a massive proportionate increase in the number of dependent people in the country.

Moreover, for the first time in its history, Norway faces a steady decline in the total size of its population. At the moment around 4m, it is expected to drop to 3.4m over the next 50 years. The Central Bureau of Statistics has calculated that, without immigration, the net fall in Norway's population will start from 2000, while with a net inward flow of 5,000 a year the decline in population won't get underway until 2025.

The report suggests that there will be a steady drop in the numbers living in as many as 8 out of every 10 communities in north-

Energy supplies

Oil reserves reassessed

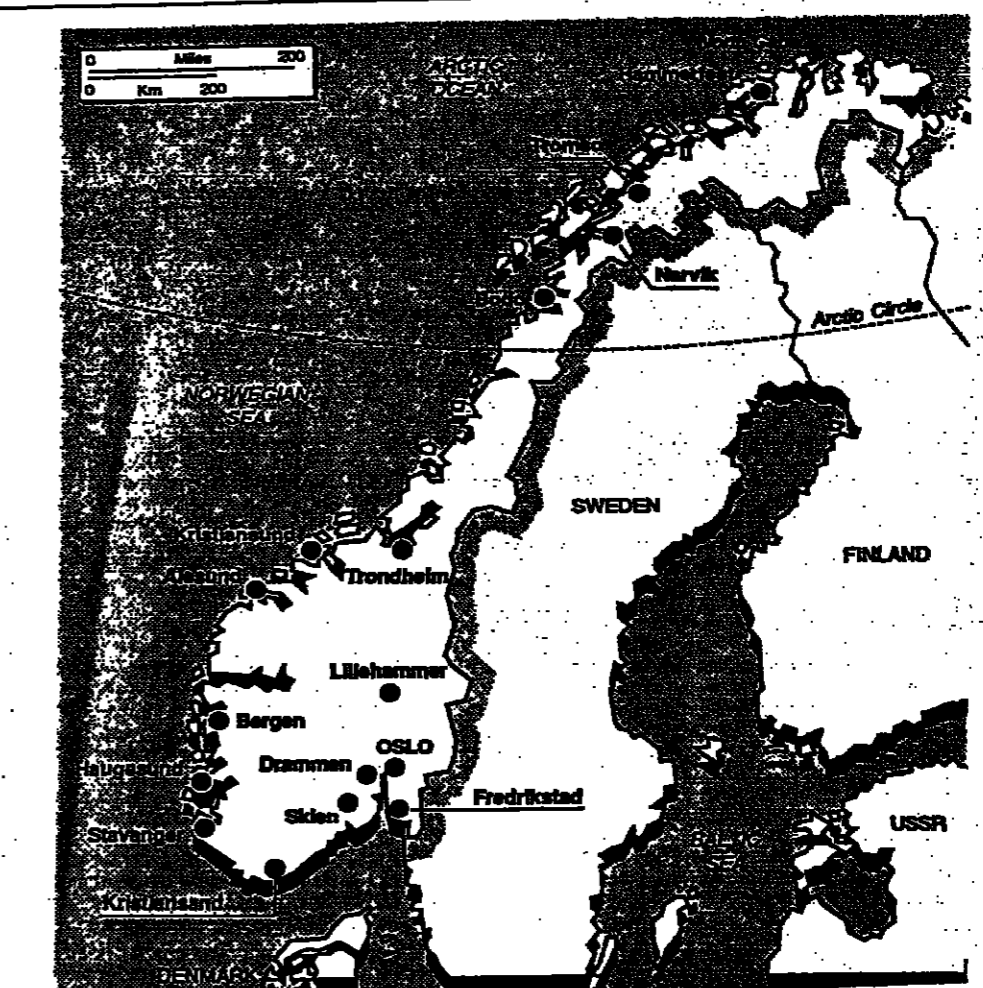
FOR ALL ITS rich endowment of offshore oil and gas resources, Norway's balance of payments is in worse shape now than before. The first oil was discovered commercially in 1962.

Having enjoyed boom years and no new large oil fields have been discovered. Exploration efforts have turned to the icy climes of the Barents Sea but just as the price of oil collapsed in 1986 when oil prices went into free-fall and eventually became prohibitively high should oil prices suffer another collapse - a major oil discovery there would require an oil price of at least \$25 per barrel to justify its development.

But after three years of fruitless exploration, the government now finds itself faced with the task of sustaining industry interest in the Barents Sea. It has called for an increase in activity and is offering more exploration acreage there than before. Almost half of western Europe's proven gas reserves are located on the Norwegian continental shelf.

But unlike oil, gas sales are a complex, long-term business, requiring a relationship between buyer and seller groomed over a long period of time.

Gas sales contracts signed with European buyers in 1981 have become a loss-making enterprise for the government, since the for-



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There are no signs that Norway has changed its attitude towards membership of the European Community despite the upsurge of anxiety across the Nordic area over recent months about the move to the internal market by 1992. A desultory debate on the EC took place in Parliament in May but none of the Norwegian political parties want to revive an issue that bitterly split the nation in 1972 when the referendum vote went against EC membership by 54 per cent to 46 per cent.

Today opinion polls suggest that the anti-EC vote is much stronger than it was sixteen years ago so there is little point in any political leader who wants to succeed in next year's election in raising the European question. Clearly most Norwegians do not regard the EC as any help in resolving their own country's internal troubles, at least not at the moment.

This has not stopped the opening of an EC information office in Oslo this spring. But such a move should not give any outsider the idea that Norway is moving irresistibly down the road to Brussels.

It is true that Prime Minister Brundtland has said that the Norwegian Parliament will make whatever changes are necessary in the regulating of the economy to fit in with the EC's internal market moves but she is going to find it very difficult to translate good intentions into legislative practice. Indeed, the contrary seems to be happening.

Recent laws suggest that Norway prefers to stay in splendid isolation unmoved by the developments that are bringing the EC economies much closer together. The spirit of economic liberalism is very weak in Oslo at the moment.

But unlike oil, gas sales are a complex, long-term business, requiring a relationship between buyer and seller groomed over a long period of time.

Shipping register

Owners sign up

NIS as a "success story" says the lack of foreign interest is caused by the Norwegian tax system rather than the rules and regulations of the NIS itself.

In partial recognition of this, the Government has recently relaxed the tax burden on non-Norwegian seafarers by raising the monthly tax threshold from Nkr 6,000 per month to Nkr 12,000. This means that, in practice, only senior officers need pay Norwegian taxes.

Despite this, there is some evidence that the regulations of the NIS do deter foreign registration. For example, one rule stipulates that the masters of NIS-registered ships must be Norwegian.

Mr Wegener says the NIS authorities have taken a fairly relaxed attitude towards this rule, and that companies can apply for a dispensation from the Norwegian Maritime Directorate.

Work is underway on a more liberal and flexible interpretation of the rules and other restrictions will probably be lifted shortly, Mr Wegener says.

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Through foreign eyes

IN THE rough, tough international business world Norwegians with export orders in mind need to know how their potential customers regard them.

A recently published book in Norway by two management experts (Kjell Habert and Arild Lillebo) has been causing some shock and dismay in many boardrooms around the country.

Based on the views of 80 executives from 18 different countries, the book (Made in Norway) provides an illuminating picture of the Norwegian businessmen as seen through foreign eyes.

Overseas they are often seen as provincially-minded, simple people who are too trusting, believe Norway is the centre of the universe, dress too casually, have no idea of punctuality, are naive and unsophisticated, drink too much and are slow to make personal contact with foreigners.

One Italian executive observed: "The Norwegians work in order to live. They don't live in order to work." A remark which most would regard as more fittingly applied to his own countrymen.

Certainly Norway's working hours - or lack of them - arouse foreign executive comments. A French employer says that most of his business colleagues are confused when they come back from lunch and find on phoning, that nobody in Norway remains at their desk in the afternoon; they leave the office as early as 2.00pm on bright summer days.

One British executive tells a story of how one of his staff was talking on the phone to a Norwegian colleague when in mid-conversation he exclaimed: "Good heavens, it's 3.30pm," and put the phone down.

The book also suggests many Norwegian businessmen suffer an inferiority complex about their Big Brother neighbour, Sweden, which is seen as a more pushy, arrogant country by comparison. But they are admired abroad for their efforts to avoid conflict at work by building up consensus, yet seen as slow and indecisive in business matters.

No doubt, many overseas businessmen cannot understand why Norway is one of the most prosperous countries in the world. To the fury of some employers in Norway, the survey gives the impression that many of them are little better than country cousins, midgets in the world business league. Maybe the apparent complacency, lack of ambition and sheer good sense will change in the face of the EC business challenge. Yet perhaps also the quieter tempo of Norwegian life is really a better way to survive.

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In search of a strategy

Continued from Page 1

the surface during the coming years.

And finally there is the third or "renewal" scenario, which is described as the revitalisation of the Norwegian business idea. This begins with a further boost to the public sector because Omsundsen and his co-authors argue that "the Norwegian private sector on its own is not strong enough to ensure a process of renewal". By 2000, Norway will have the world's "most efficient public sector" and the state will play a major role in economic life. The country will join the EC in the mid 1990s without a referendum. The growth of petroleum-related activities will not "crowd out" other types of economic activity. The report believes foreign observers will be

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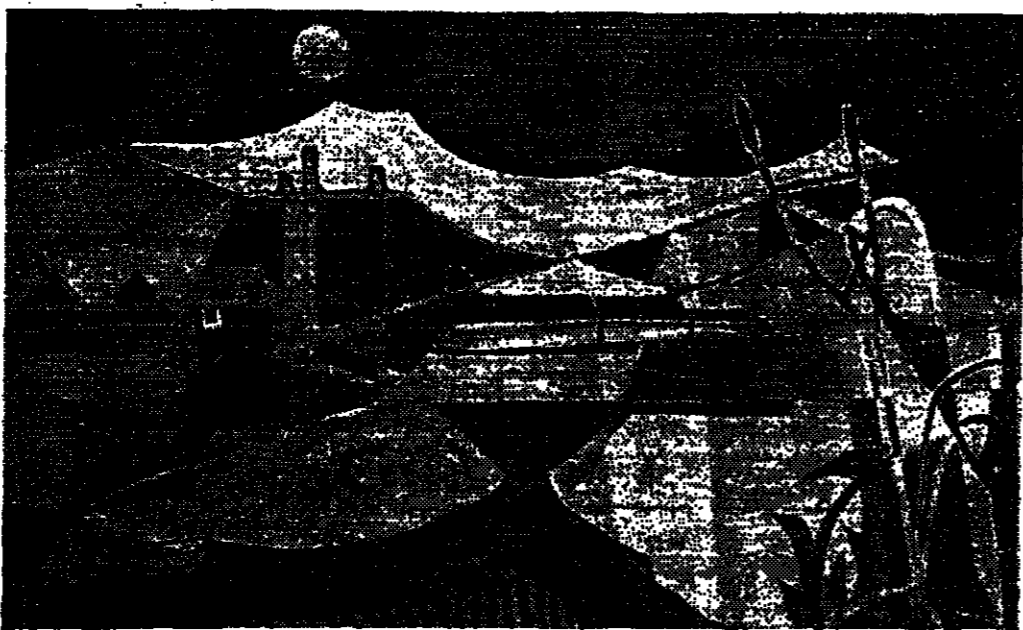


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London Galleries/William Packer

Gently drawn through the landscape

The Experience of Landscape now occupying the foyer of the Royal Festival Hall...



'Landscape, Zennox' gouache on canvas, by Brian Wynter, 1948

One of the few lasting good things to come down to us from the arts policies of the GLC was the opening up to general use of the principal foyer of the Royal Festival Hall...

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The epigraph to the excellent catalogue (which is most imaginatively augmented by contemporary poetry of landscape...

In the 1960s, Terry Seth in the 1980s, and all would seem to be demonstrating the same truth...

of place and moment towards something timeless and universal. There is more to join them to the pastors than to separate them...

Though one would hardly think so by the weather, we know it must be midsummer by the reappearance of Artist of the Day at Angela Flowers (11 Tottenham Mews, Tottenham Street W1)...

The Undivine Comedy/Almeida

Max Loppert

Michael Finnissy is one of the composers on whom the 1988 Almeida Festival has focussed. A weekend of Finnissy concerts, notably Friday's London Sinfonietta programme under Oliver Knussen...

to me that Finnissy, a confessed Verdi-lover, has learned something important and valuable from early Ottocento opera - the unadorned use of the singing voice...

length of certain scenes, and about whether it might not have been possible to employ more fully the means that the medium also offers for concentrating and telescoping verbal exegesis in music...

Finnissy (b.1946) is a "turbulent priest" among English composers, a stirrer (in all senses) who has resolutely kept himself and his works far outside the ranks of the safe, neatly finished, safe, predictable...

He has adapted the libretto himself (adding thereto extracts from Holderlin and De Sade), shaping a two-hour work of 17 scenes played here in two acts...



Pauline Vailancourt

Frankfurt Ballet/Châtelet, Paris

David Vaughan

William Forsythe is at present the most successful and sought-after choreographer in Europe. The Frankfurt Ballet, of which he is artistic director, appeared in Paris last week at the Châtelet...

steps, each of which means as much, or as little, as the one before and the one after it. His musical accompaniment often takes the form of an unremitting, rock-based ostinato...

Each of the dancers wears a dark, form-fitting leotard and sheer black tights, as in France/Dance, originally made for Paris shortly after the death of Balanchine...



Colleen Dewhurst and Jason Robards

Long Day's Journey into Night/Broadway

Frank Lipsius

Produced twice in three seasons, Long Day's Journey into Night is assuming a unique place in the dwindling fortunes of Broadway. Staged this time at the Neil Simon to celebrate O'Neill's centenary, the play seems increasingly emblematic of the times...

From the opening wordless embrace of James and Mary Tyrone, the production conveys a love that underlies all of the subsequent dissonance and bitterness. In the slow, unhurried rhythm, each speech wafts into the steamy atmosphere and finds its mark, then floats away...

that persist until the middle of the second act. Robards, who played Jesse in Quintero's original 1956 Broadway production, puts paid to the growing emphasis on Mary in recent revivals. James is clearly the lynchpin of a household that comes apart with the onset of his disillusionment.

Borodin Quartet/Elizabeth Hall

Richard Fairman

Illness had forced the cancellation of the Borodin Quartet's last planned recitals in London and their appearance on Sunday afternoon at the Elizabeth Hall, added to the concert schedule late in the day, was clearly intended as recompense for their admirers here.

recording a complete cycle of the quartets of Beethoven and the enormity of that undertaking could already be sensed in the commitment and depth of feeling with which they approached two representative works from the canon here.

trolled, any specific interpretive points they want to make are almost certain to hit home: the darker tone quality as they moved into the development section of the first movement of Op 18 No 4 was a typical example of intensity keenly felt and economically expressed.

the long Adagio the pale and vibrato-less sound they cultivated was quite numbing, until the last reprise ("Con intimo sentimento") brought a judicious touch of portamento from the first violin.

Big Screen comes back to the Piazza

Tomorrow's concert at Covent Garden with Plácido Domingo, Thomas Allen, Eva Randova and Cheryl Studer will be transmitted live on the Big Screen in the Piazza, Teatro Comunale, Reggio Emilia, the LBC radio presenter Brian Hayes will host the evening, at which the singers and conductor will come outside to acknowledge the crowd.

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Arts Guide

- PARIS: Cologne Opera (Théâtre des Champs Élysées) ... ITALY: Milan, Teatro Alla Scala, Franco Zeffirelli's production of Turandot ... NETHERLANDS: Amsterdam, Muziektheater, The National Ballet with a new production of Swan Lake ... WEST GERMANY: Hamburg, Staatsoper, Don Pasquale ... NEW YORK: Lincoln Center Opera House, The Paris Opera Ballet, dancers US premiere of works by Robert Wilson ... TOKYO: Shinjuku Banka Centre, Groupe de recherche chorégraphique de l'Opéra de Paris...

Saleroom/Antony Thorncroft

Angel head makes record Sotheby's had a very good sale of Old Master drawings yesterday which totalled £1.2m, and with only 7 per cent unsold. The Americans were out in force, buying all the four top lots. A pretty drawing of the head of an angel by Giovanni Battista Piazzetta sold for £242,000, almost four times its top estimate...

Hazel Duffy and Alan Pike on industry's involvement in Hull

Following in Victorian footsteps

JAMES RECKITT, William Gelder, Thomas Ferens, John Sherburn, Joseph Rank. Their names live on, commemorated not only in companies which they once ran but in the names of streets, schools and public buildings in Hull.

This past generation of Hull industrialists actually paid for many of the city's streets, its first public library, the art gallery, the garden village, the infirmary and the university.

Today, Mrs Margaret Thatcher is trying to persuade business to step up the renewal of Britain's cities by taking on the mantle of their forefathers, and again show a concern for the community in ways which extend beyond simply providing employment.

The Action for Cities programme, launched by the Prime Minister in March and taken around the country in a series of working breakfasts, is aimed uncompromisingly at the private sector. Top-hatted Victorian philanthropists loomed large in the video shown to businessmen. Ministers have appealed to the invited audience to become present day city fathers.

There are signs that business is beginning to take more interest in the community. But not on a scale which compares with the benevolence of the past.

Victorian and early 20th century Hull, like many British cities, suffered appalling deprivation. The standard of housing was so poor that Sir James Reckitt, a Quaker, and son of the founder of the toilettries company which is now part of Reckitt and Colman, built 500 new houses for his workers. They set a standard well ahead of their times.

Hull still has some of the meanest housing in the country. Unemployment started to climb in the mid 1970s, with the decline of the fishing industry and the docks. The recession in manufacturing hit the city in the early 1980s. Since 1986, unemployment has fallen to 13 per cent in Hull and its surrounding areas, although it is as high as 25 per cent on some of the post war housing estates.

The city council has been solidly Labour - except for two years - since the mid 1960s. Its current leader is Pat Doyle, a history lecturer at the local college of higher education. He agrees that the council's moderate approach has helped win funds from the Conservative government. It recently landed the largest Government urban regeneration grant (£17m) awarded so far.

to clear one of the inner city docks and build houses.

Business, at least until recently, was less responsive. But Mr Doyle is reluctant to criticise the private sector. "Many of them were concerned principally with survival. That meant that in so many things, the council had to take the initiative," he says.

Mr Robin Dean, director of the council's industrial development department, acknowledges help from Reckitt and Colman and Metal Box in getting a local enterprise agency off the ground.

"But it has been a struggle to get private sector funding. Most came from the Government," says Mr Dean. Only now is the agency, chaired by Mr Graham Neilson, who runs the Aaronite group, being taken over by the private sector.

Similarly, the department set up a loan guarantee scheme where the council tops up the security for small companies and individuals. The only reason the

compact will include £30,000 over the next three years to provide a scholarship fund for the 'most successful young people'. That is modest compared with the £250,000 which Thomas Ferens, a former managing director, donated to the university in 1927, equivalent to £5.8m in today's money. But it flows from the same traditions.

Long-serving Reckitt & Colman staff say that during the 1960s and early 1970s the company seemed to lose some of its reputation for involvement with the local community. But they say during the last 10 years the old spirit has resurfaced in big and small ways - the company has, for instance, just provided 2 acres of its sports ground to build a hospice.

Mr Andrew Milner, president of the Chamber of Commerce, runs a Hull-based fertilisers business in which he has a big financial stake. He is perhaps more typical of the old Hull industrialists than local managers of national and multinational companies who, however committed in time and money to the city, are not their own masters.

"You don't have to be a city councillor to have a conscience for the city," he says. This emphasises another fundamental difference between businessmen past and present. Reckitt and Ferens went to Westminster as Liberal MPs, as did others like Sir Alfred Salter, an architect and prominent Wesleyan, who was associated with the entire replanning of the city centre. John Sherburn was mayor and sheriff of Hull. There is little evidence that today's business leaders see direct involvement in local politics as an appropriate way of helping the community.

The business community, while generous in its praise for the council's efforts to regenerate the city, is reluctant to criticise Mrs Thatcher's approach to limiting the powers of local government. Mr Chris Haskins, chairman of Northern Foods, which has its head office in Hull, is an exception.

"Companies, including ourselves, are playing around at the margins in terms of money. We have this absurd centralisation in Britain which leaves local authorities, Labour and Conservative, disillusioned. In a lot of companies, there is a sense of guilt and even shame about the state of the communities in which they operate. But there have to be political solutions."

development, there was a unanimous positive response. On the question of the creation of the "chartered manager" there was a unanimous negative response.

Let us stop trying to force both issues through as though they were the same thing; pursue the Charter Group idea; and give ourselves plenty of time to debate and validate the contentious ideas of certification of managers and the formation of a chartered Institute of Management.

R Garratt, AMED, Premier House, 77 Oxford Street, W1

that the task of persuading big employers to join the scheme has taken longer because there are so few head offices in Hull nowadays. Requests have to be forwarded to London where they can face long delays and an uncertain outcome. Modern business leaders today do not have the same sense of local contact as Sir James Reckitt, who was a leading Hull employer, president of the local Liberal Association, an alderman on East Riding County Council. As a philanthropist he provided houses, Hull's first public library, a convalescent home and a wing of the infirmary.

But Dr Bill Walsh, pharmaceuticals division operations director at Reckitt & Colman believes that industry is still seeking ways of becoming involved in the community, especially in education. In addition to his own company's support for the compact and other activities, he cites BP Chemicals' provision of a physics laboratory for local schools. Reckitt & Colman's support for

Today's business leaders do not have the same sense of local contact as their forbears

council became involved was because the banks were not interested. But Mr Dean is pleased that some banks in Hull are now more active.

For a handful of leading Hull businessmen, the army speed when they joined a team from business, the church, the local authorities and trade unions earlier this year at an inner city conference sponsored by the Industrial Society in Liverpool.

The "Action 85" team, led by Mr Michael Edwards, director and general manager of British Aerospace at Brough, just outside Hull, was set up to channel the enthusiasm which came out of the Liverpool trip.

It will be the vehicle for launching the "Hull compact", perhaps the most concrete business commitment so far. Employers taking part will link with local schools; they will undertake to give priority in recruitment to young people who achieve speed in academic and personal development standards.

The Government has promised

Lloyd's charges need a review

From Mr Keith Whitten.

Sir, Your report of the annual general meeting of Lloyd's, the society of insurance underwriters in London, suggests a number of reasons for the anticipated decline in Lloyd's membership. May I suggest that the reasons are simply that changes in taxation and the present level of agent's charges make membership of Lloyd's an unattractive business proposition?

The present charges have evolved over a period when capital gains could be manufactured by bond washing, and were heavily taxed while income was more heavily taxed. The "Names" (members of Lloyd's) were thought to be quite happy to bear extremely large charges against their taxable income while they could receive a fairly assured stream of capital gains on their underwriting funds each year.

Recent changes have put the taxation of both parts of Lloyd's activities on an equal footing, and as a commercial proposition members get a poor deal compared to those who manage their affairs.

For instance, in the 1985 account I have paid to my agents £5,000 by way of fixed salary and profit commission and £2,500 as my share of the cost of running the syndicates. Other expenses of underwriting amount to £9,400, leaving a net profit of about £5,000. To obtain this return I have put all my personal assets at risk.

My agents, by way of contrast, have a guaranteed flow of income to meet their running expenses, a share of the profits and limited liability.

I very much doubt whether new Names are put off by poor results or by lack of capacity. The last decade has seen the Sasse, Howden and FCW affairs - while numbers of members continued to grow - and there is

Letters to the Editor

always some capacity available for a determined new Name.

A review of agency charges is essential to redress the imbalance between Names and agents. If this does not happen resignations will gather speed, and the market will face a deepening crisis as the remaining members bear an even greater share of the continuing expenses.

Keith Whitten, 50 Gloucester Terrace, W2

Debate by statistics

From Mrs Joy Townsend.

Sir, Vanessa Fry (Letters, June 28) does not clear up the issue of the Institute for Fiscal Studies' (IFS) conclusions on smoking prevalence and price.

Whereas the introduction to the report states that "Many of the interesting questions about tobacco demand can only be answered by looking at the behaviour of individual consumers", it says in a later caveat that the data set used in the study lacks information "on who within the household smokes".

And yet they feel able to conclude that "Perhaps the most striking result and possibly that with the widest implications is that while price has a significant effect on how much smokers spend on tobacco products we can find no evidence from the period 1970-84 that it has had any impact on who smokes and who does not; it seems safe to regard those who do not buy tobacco products as having taken a non-economic decision to abstain from smoking."

The IFS study does not find evidence on the effect of price on who smokes - and the study had

not been designed to look at or test this aspect. Lack of evidence does not constitute evidence of the opposite. There is evidence from US studies that price increases cause people to give up more than to cut down.

It has not, to my knowledge, been studied formally here, although, as I have said (Letters, June 23), the data suggest that the same may hold true for the UK. The IFS results do confirm those of many studies: that cigarette consumption is inversely related to price.

It has not, to my knowledge, been studied formally here, although, as I have said (Letters, June 23), the data suggest that the same may hold true for the UK. The IFS results do confirm those of many studies: that cigarette consumption is inversely related to price.

I have no axe to grind in this matter other than a scientific interest. The IFS study, on the other hand, was funded by the Tobacco Advisory Council.

Joy Townsend, Medical Research Council Epidemiology and Medical Care Unit, Northwick Park Hospital, Watford Road, Harrow, Middlesex

Charter versus code of conduct

From Mr R. Garratt.

Sir, Your report of the Amed (Association for Management, Education and Development) conference (June 23) highlights Peter's scorching attack on the idea of management as a chartered profession.

A further indication of the feelings of those who will be responsible for implementing the management charter initiative came at the end of the conference. An impromptu show of hands was asked for from the 380 people present. On the question of agreement with the idea of the Charter Group of companies supporting a code of conduct for management

development, there was a unanimous positive response. On the question of the creation of the "chartered manager" there was a unanimous negative response.

Let us stop trying to force both issues through as though they were the same thing; pursue the Charter Group idea; and give ourselves plenty of time to debate and validate the contentious ideas of certification of managers and the formation of a chartered Institute of Management.

R Garratt, AMED, Premier House, 77 Oxford Street, W1

Initials are not the only confusion

From Mr Peter Sanghinetti.

Sir, As the advertisement points out, BAA is the former British Airports Authority which was privatised last year. We do not own British Airways. They are one of the named customers.

Although Airports plc (Letters, June 23) is a very good name, it could cause confusion in view of the fact that although we own Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen, there are many other airports in the UK which we do not own.

Peter Sanghinetti, BAA plc, 130 Wilton Road, SW1

Connected to a charge

From Ms Sandra Brass.

Sir, Do your readers realise that they are being charged between 25 pence and 35 pence when they contact a car phone and are connected to the recorded message advising that the "subscriber is not available, please try later"?

Sandra Brass, Standard International, 18 Wells Street, W1

Current account deficit on the UK balance of payments does matter

From Professor A.P. Thirlwall.

Sir, Every time I open the Financial Times I read Mr Samuel Brittan saying that Britain's current account deficit on the balance of payments does not matter, apparently on the grounds that it is being financed voluntarily by capital inflows. The current account deficit does matter for two main reasons.

First, interest rates are higher than they otherwise would be. This has implications for investment and the modernity of the capital stock. To say that interest rates should be fixed at whatever level is necessary to restrain demand to "ensure that the current deficit is held at whatever the capital markets are willing to finance" seems to me to be quite

irresponsible. It shows complete indifference to the level of output and employment.

Second, it is certainly true, as Mr Brittan says, that there is no law which states that all countries have to grow at the same rate. There is a law, however, which says that every country will have a growth rate consistent with balance of payments equilibrium, and if growth exceeds that rate payments deficits will emerge.

Since the war, the UK has had the lowest growth rate consistent with balance of payments equilibrium of any major industrial country which is why the UK has slipped behind one of the richest European countries to one of the poorest.

This may not worry Samuel Brittan, but it worries a lot of other people. General indifference to the structural determinants of the current account of the balance of payments, and in particular to its components, has been a major cause of the de-industrialisation of the UK, with the consequences this has had for the loss of jobs and unemployment. Not until there is concern with the determinants of the current account, and particularly the balance of trade in manufactures, is there any hope of raising the growth rate consistent with balance of payment equilibrium, and reducing unemployment.

Samuel Brittan and the present government may put their faith

in market forces, but there is precious little evidence, judging from the balance of payment figures, that the pursuit of *laissez-faire* for the last nine years has made any difference to the long run underlying growth rate of the British economy consistent with payments equilibrium.

Lumping the capital and current account of the balance of payments together, and saying there is no problem because the balance of payments must always balance, is to bury one's head in the sand as far as the functioning of the real economy is concerned.

A.P. Thirlwall, Keynes College, University of Kent, Canterbury, Kent

IF THERE is one aspect of the European Community that has generally caught the public imagination, it is the abolition of frontiers, or at least of frontier controls.

Even in Britain this aspect of the European ideal has usually enjoyed some support. Having abolished the last interstate frontier on their island nearly 300 years ago, the British tend instinctively to regard frontier controls as a tiresome, continental invention - part of that regrettable penchant that foreigners have for regulating and interfering with each other's lives.

If the common market meant getting rid of that sort of thing, it was all to the good: such was the premise not only of pro-market feeling in Britain for a long time, but also of much anti-market propaganda. One of the strongest arguments of the anti-market was always that the common market failed conspicuously to live up to its name. Instead of reducing the amount of official interference in ordinary life it increased it, subjecting us to obscure regulations drawn up in Brussels yet leaving frontiers just as visible, with if anything more hassle and longer queues to get across them than before.

This argument was persuasive, perhaps decisive, in getting the Community to adopt the goal of "completing" its internal market by 1992: a decision the British government loudly supports, and for which it takes some legitimate credit. Yet the nearer we get to 1992 the more it seems to be Britain that is shying away from the abolition of frontier controls.

Last month, for instance, Mr Douglas Hurd, the Home Secretary, responded to the havoc wrought by British football fans in Düsseldorf by saying he hoped in a year or two it would be technically possible to control the issue of travel documents - when some of us had fondly hoped that by 1992 one would no longer need a travel document to visit Düsseldorf.

The Prime Minister, too, at last week's Hannover summit, insisted that strong frontier controls are essential to curb crime. She told a British radio reporter they would also have to be kept to prevent people from third countries "getting in for a very short stay, moving around Europe, taking up residence - we not knowing anything about it - and making great demands on our social services."

The EC Commission argues that EC heads of government have already committed themselves to scrap frontier controls by the Single European Act. The Act does indeed prescribe the free circulation of persons as well as goods, services and capital, making great demands on our social services."

The EC Commission argues that EC heads of government have already committed themselves to scrap frontier controls by the Single European Act. The Act does indeed prescribe the free circulation of persons as well as goods, services and capital, making great demands on our social services."



FOREIGN AFFAIRS

Edward Mortimer argues the case for freeing EC frontier controls

Passport to a Europe without barriers

(of Rome)". But since the Treaty of Rome deals with economic affairs and excludes security, the British government argues that the Single Act refers only to "economically active" people and cannot be invoked to prevent governments from taking necessary measures to control drug dealing, terrorism and serious crime.

Clearly, since the Second World War, there has been such an enormous increase not only in international but in intercontinental travel that probably every single state in western Europe has had to introduce or to tighten immigration controls, and the growth of terrorism and the drug trade have obliged all states, however democratic, to resort to controls, restrictions and special police powers which in former times would have been the exclusive property of the despot.

Many of these controls are exercised at frontiers: partly as a matter of convenience (if you already have controls there for one purpose, why not use them for others?), partly because some of the people and things they are designed to guard against are likely to come from abroad. In Britain's case such frontier controls have a slightly better chance of success because of the physical difficulty of entering an island other than at recognised access points - ports and airports. It is a natural advantage the British have (or believe they have) and are understandably reluctant to give up.

The difficulty of access applies to animals as well as people. This has resulted in one of the more bizarre British national obsessions. The first impression of Britain received by many people all over the world, when they visit a British consulate in search of a visa, is formed by an alarming poster depicting a mad dog with the word "rabies", or its appropriate and often more dramatic-sounding translation, leaping out at the reader in outside red capitals reminiscent of the Hammer Studios horror film. The smaller print below warns you of the dire penalties that await anyone unwise enough to try to evade Britain's draconian regulations on quarantine for domestic animals brought into the country.

Nearly 20 years ago I did some research in Paris for an article on rabies. I remember being told by the leading French specialist on the subject the exact number of polecats, pine martens and other fauna that had gone down with rabies in eastern France in the preceding year. It was clearly only a matter of time before the scourge reached Paris.

Has it now done so? I'm afraid I don't know. Nor, I'm willing to bet, do more than a fraction of a per cent of the readers of this newspaper, or even of its readers in France. Rabies is a terrible disease, particularly terrible because it is incurable once diagnosed, but it is not a disease that humans run any significant risk of catching on either side of the English Channel. When did a Frenchman or a German last express their anxiety to you on this subject, or their envy of British good fortune in being pro-

TECTED from this ever present danger by an impenetrable sea wall? The fact is that being an island in this case, so far from making the British more secure, has enabled them to scare themselves silly about something against which other people protect themselves quite adequately with humdrum precautions of which they are hardly even aware.

Of course the arguments about drugs, hooligans, terrorists and illegal immigrants are more serious, but I am not sure that deep down they are any more rational. The essential point about all these problems is, precisely, that they do not respect frontiers. Indeed they demonstrate how illusory, today, are the supposed advantages of being an island.

The terrorist issue, especially, should remind us that while Britain is indeed an island in strictly geographical terms, the United Kingdom is not. Indeed it is really very eccentric for British ministers to take a stand on the indispensability of frontier controls when the UK already has an open border with the European state from which it has the strongest reason to fear terrorist infiltration.

The single European market, to work properly, will have to be a single labour market, which means it will have to be governed by a common immigration policy. There are in any case strong arguments for applying standard measures against drugs and terrorism at the external frontiers of the Community. As for football hooliganism, that obviously calls for stronger crime prevention measures both in Britain and on the continent, but it is not at all obvious that one of those is to require people to carry different identity documents when travelling from Britain to Germany from those they would need at home. There are already all sorts of circumstances in which the British police can ask someone to identify himself, and to introduce a uniform document for this purpose would surely now be a matter of administrative simplification rather than an intrusion on the liberties of the subject.

All sorts of police measures can be helpful and are sometimes necessary for the control of crime, including the setting up of roadblocks and checkpoints. But no one in the United States suggests stopping everyone who crosses a state line, and no police force in the EC would suggest establishing permanent checkpoints at the present frontiers if they did not already exist.

When Western statesmen visit Berlin they make a point of deploring the checks and controls that divide the city as an unnecessary anachronism. Yet they separate the free world from the communist bloc. Do we really have to put up with this same anachronism between the free member states of the European Community?

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David Gardner reports on reforms leading up to tomorrow's election

Mexico makes democracy key issue

THE SINGLE most important fact about tomorrow's presidential election in Mexico is that for the first time many Mexicans seriously believe that it is possible to get rid of the eternally ruling Institutional Revolutionary Party (PRI). The single main reason for this is Mr Cuauhtemoc Cárdenas.

When Mr Cárdenas began his drive for reform inside the PRI two years ago, almost all analysts believed he would soon be bought or frightened off by the 71-year-old regime, which had used co-optation and measured force to isolate seemingly more powerful dissidents in 1940, 1952 and 1982.

Few imagined that Mr Cárdenas's Democratic Current faction inside the ruling party would detonate a national mass movement against the regime's monopoly of power, corruption, economic failure, and arrogant self-reliance in the search for solutions.

Instead, his National Democratic Front (FDN) is confronting the regime with its fiercest challenge at the polls since at least 1940; possibly since the 1910-17 revolution from which the PRI emerged. Win or lose, there is now near consensus that Mexico after Cuauhtemoc Cárdenas will not be the same again. Democracy is the order of the day and all sides, to a greater or lesser extent, recognise this.



Cuauhtemoc Cárdenas, above and Carlos Salinas de Gortari



As Mr Cárdenas himself put it in an interview on Saturday night - exhausted but jubilant after closing his campaign before insurgent, mostly peasant crowds in his home state of Michoacan - "as a result of our campaign, people have thought about what is happening to them, what the causes are, and what to do about it."

Mr Cárdenas, 54, is the son of Mexico's most recent leader this century, General Lazaro Cárdenas, who as president in 1934-40 expropriated the oil industry and distributed some of the country's best farming land to the peasants, the foot-soldiers of the revolution. In Mexico's revolutionary canon President Cárdenas has the status of a saint, which the PRI in particular, the high church of the Institutional Revolution, cannot tolerate.

Because the son has made his career in the shadow of the general, PRI leaders both underrated

him and brushed off what they saw as his attempt to unfurl the Cardenista banners as a throwback to another era.

"I feel that people associate the name Cárdenas with what they have got out of the system and what they want to continue receiving," a senior regime leader was saying privately even last month. "It's part clamour and part nostalgia: a clamour for what we have lost and nostalgia for an epoch which all we Mexicans glorify - from inside each one of us the cry of 'Viva Cárdenas' is waiting to get out."

But Cuauhtemoc, the severe, seemingly bloodless heir, former senator and like his father, governor of Michoacan, has created a new Cardenismo principally through his palpable resolve, his refusal to back away from the full onslaught of the PRI/state machine, which has slandered him, harassed his followers and

sought to deny him access to the many platforms it controls. This has given him his own credentials inside the PRI rank-and-file, within the fractious left and throughout wide segments of a society desperate to escape the PRI's corporatist straitjacket but, until now, without the political force to break the bindings.

"Hope has been reborn," he told an ardent crowd of around 250,000 in Mexico City 10 days ago. He is a stilted and boring speaker - nothing like the populist frebrand the PRI has painted him, adding to his popularity - yet the huge, revivalist crowds he has drawn across Mexico listen carefully to what he says.

The Cárdenas phenomenon draws its primary support from workers, peasants and bureaucrats - the three pillars, or corporatist "sectors" of the PRI - and from student and non-party organisations which have mushroomed in recent years, particularly since the 1985 earthquakes.

They are drawn above all by the promise of democracy, by the emergence of a leader - almost a traditional Latin American caudillo - and by Mr Cárdenas's radical nationalist critique of the economic liberalism that has characterised the government of President Miguel de la Madrid and his handpicked successor, former Planning Minister Carlos Salinas de Gortari.

This nationalism is both amorphous and trenchant, radical and conservative. Francisco Jose Paoli, one of Mexico's most acute political commentators, last week described it as "a form of prolonging traditions, a mechanism of defence based on what is known and at the same time a manifestation of fear in the face of the violent wrenches of modernity."

The Cardenistas have systematically denounced the plans of the de la Madrid/Salinas group to modernise Mexico through open trade, foreign investment and privatisation. They see it as the sale of the nation's birthright by an Ivy League-trained technocracy perceived as outsiders, *forasteros*, barely Mexicans. Mr Cárdenas, by contrast, is often described by supporters as "a Mexican... he looks like us and talks like us".

The Cárdenistas regard the Government's full payment of debt service on Mexico's \$103bn foreign debt as the weapon used by the de la Madrid/Salinas team to impose these changes, creating, as Mr Cárdenas put it, "islands of prosperity in a sea of poverty".

The Government's project is compared menacingly by Cárdenas and his followers to the pre-1910 bid by French-educated technocrats, known as "scientists", to impose modernity on Mexico before the revolution swept away the Porfirio Diaz autocracy.

Mr Salinas has repeatedly charged that Mr Cárdenas has no programme. This is partially true; but it is ultimately irrelevant in an election which is about democracy. Polls indicate that only a tiny portion of those who say they will vote for Mr Salinas will do so because of his carefully elaborated programme. The majority of his support is based on inertia and corporatist power. The polls also show that Mr Cárdenas's support, though often ideologically based, is rooted in a deep-seated and widespread desire for democracy.

The left-wing nationalist leader's emergence has forced Mr Salinas and the PRI to adopt democratic reform. But the sheer force of the challenge has made the Salinas campaign among the most orthodox of recent times in terms of its use of traditional PRI devices such as the press-gangging *ovacos*.

Mr Cárdenas himself emerges from the more seigneurial tradition of Mexican corporatism established by his father; his candidacy, for instance, was proclaimed by dissident leaders of the "three sectors" of the PRI, in accordance with strict orthodoxy. Yet the popular response to his candidacy has already broken this mould wide open.

A senior member of the Salinas camp said last month: "Cuauhtemoc is going to be a good pretext for a good internal clean-out" of the PRI.

This first of all assumes a PRI victory - an assumption which, for the first time, can be tentatively questioned - and second that Mr Cárdenas's support is not so great that it will drive Mr Salinas back into the arms of the party barons.

UK group holding talks on Soviet van design deal

By Kevin Done, Motor Industry Correspondent, in London

A UK CONSORTIUM is in advanced negotiations with the Soviet Union on a design engineering contract for the production of a light commercial vehicle for export to Western Europe.

Moscow's Vavilov Bank, the London-based Soviet bank which has played a leading role in arranging the financing package, had hoped to announce the deal this week but has met last-minute delays in the Soviet Union.

The consortium for many months, the project is understood to involve the Worthing-based International Automotive Design, the largest European automotive styling, engineering and design consultancy, which has worked for many of the world's leading automotive groups in Western Europe, the US and Japan.

The UK-led consortium would provide modifications to the design and tooling of a basic Soviet van design to make the vehicle suitable for export to Western markets.

The project is believed to involve production of a 3.5 tonnes (gross vehicle weight) panel van, which would compete at the heavy end of a West European market dominated by vehicles such as the Ford Transit, the Volkswagen Type 2 Transporter, and the products of the Fiat/Fuoco-Sevel joint venture.

Although Soviet cars have made modest inroads into the bottom end of the West European market, with products such as the Lada Riva and Samara, it has lacked vehicles to penetrate the commercial vehicles sector. The Soviet industry has no modern van production facility.

The van would be produced at a plant being built at Kirovabad, about 200 miles from Baku in the republic of Azerbaijan.

It is understood to be planned for a single shift capacity of 30,000 vehicles a year. Production was originally planned to start by 1990-91, but it is now thought in the UK that first output could be delayed at least until 1991-92.

The bulk of production would be for the Soviet market but a significant share would be earmarked for West European markets as part of a compensation trading package.

As envisaged it is understood that the financing package could be worth £150m-£180m (\$250m-\$300m), including interest. The UK consortium would provide additional tooling, plant and equipment for the Kirovabad works, some of which could be sourced from other West European countries.

Representatives of the UK consortium visited Kirovabad last week and it is understood officials of Moscow Narodny Bank are seeking final approval for the project in Moscow.

IAD yesterday refused to comment on the project.

THE LEX COLUMN

Dangers of the weekly fix

The danger of feeding the market a half point rise in base rates every week is that it gets hooked. The urgency with which higher rates were demanded yesterday suggests the damage has been done: no sooner had the market received its fifth interest rate fix, it started looking towards its sixth and seventh. This time the move did not even hold the pound steady, suggesting that larger rises may be needed to do the trick.

If only the habit could be broken here, the Government might be well satisfied with its handling. Rates are now one point higher and sterling about 3 per cent stronger than when the currency was unshipped in March, which implies about the right degree of monetary tightening. At least, that is how the gilt market sees it; after having welcomed the first few rises in rates from 7.5 per cent on the grounds of economic necessity, gilts are not willing to tolerate any further increases.

In attempting to support sterling, the Government got no help from either the dollar or the D-Mark yesterday. The shooting of the Iranian airliner served as yet another excuse to buy dollars, whereas enviable German trade figures did the same for the D-Mark. The dollar's immediate prospects now hinge not on how added US traders feel after their holiday, but on the Bank of Japan. The small rise in Japanese bill rates yesterday suggests that support for the yen may shortly be to hand.

Johnson Matthey

Though the motives behind Cookson's 6.3 per cent stake in Johnson Matthey are not yet clear, the possibilities are intriguing. A full bid - at £700m, say - would depend on Charter Consolidated being prepared to cash in its 50 per cent holding, but it could be done for debt with no dilution, or for paper with 20 per cent dilution, or anything in between. Industrially, the fit looks remarkable - materials technology, precious metals, catalysis and printing. It would also double the scale of Cookson's managed operations, and reduce its dependence on passive earnings from Florida. The market had no chance to react to the news yesterday, but it should be busy today.

Dee/Booker

Dee's disposal of Linford is eminently sensible in isolation, but together with yesterday's management changes shows a wider shift in strategy. The business is being stripped down to Gateway and Herman's, with the decks apparently being cleared for the appointment of a retailing supremo, and further diversification has been explicitly abandoned until Herman's is sorted out. Though all this, too, is perfectly logical, one senses the pressure of the institutions seeking a return for past loyalty.

For Booker, it looks a very neat deal. The creation of the UK's biggest cash-and-carry network will apparently lead to no dilution this year, even after the rights issue, and from the monopoly viewpoint the beauty of the deal is that it was cleared back in 1985. When the full savings have

Mortgage rates

If 1987 was the year of the banks in the UK mortgage market, 1988 is rapidly turning out to be the year of the building societies; and base rates at current levels cannot help but tip the balance further in the building societies' favour.

Not surprisingly, once a week base rate rises have steadily eroded the banks' margins on mortgage lending, as the cost of wholesale funds (based on the 3-month Libor rate) has crept up towards a static mortgage rate. Yesterday the two rates met at

last; and even a one percentage point rise in mortgage rates today would leave the banks with a margin of a paltry 1 per cent or so, compared with 2½ per cent in the first half of last year and 2 per cent earlier this year when interest rates were falling.

Stuffed with cash deposits from disillusioned equity investors fearing the effects of the crash, and hence with little need to raise wholesale funds for lending, the building societies can afford to find this situation amusing. After seeing their share of the new mortgage market fall to just 50 per cent last year, they have recovered to a 70 per cent share this year and could squeeze their bank competitors further - not to mention upstarts like the Mortgage Corporation and National Home Loans - by keeping mortgage rates artificially low now. With £18.9bn in mortgages on their books at the end of 1987, the profits of the big four banks are clearly vulnerable to such tactics - all the more so if the tedious ratcheting up of interest rates continues.

Gestetner

It is nice to see Gestetner's recent recovery counting, but yesterday's Asian figures hint at more problems as well. There is a familiar feeling of something always going wrong somewhere around the world - last year Canada and Sweden, this year the UK and US; and the US management restructuring, in particular, is reminiscent of the bad days under family control. And although the 43 per cent rise in yesterday's pre-tax profits could point to as much as £28m for the full year, this is still £2m short of the pre-recession peak in 1977.

This is not to say that another recession would have the same devastating effect; in particular, the role of manufacturing is now greatly reduced. And although the shares slumped badly in the October crash as many of Gestetner's Australian fans pulled out, AFP's recent disposals make it if anything more committed to the company's success. At 204p, the shares are on something under 5 times this year's earnings - undoubtedly cheap, were it not for the faint echoes of past disasters.

Correction: SG Warburg's 1987/88 profits were struck after transfer to hidden reserves, not from hidden reserves as stated in Saturday's column.

BRITAIN ACCUSED OF TRYING TO LIMIT SCOPE OF INQUIRY

Gibraltar opens SAS-IRA hearings

BY PETER BRUCE IN GIBRALTAR

A GIBRALTAR coroner will decide today how to conduct an inquest into the killings of three suspected IRA terrorists by Britain's Special Air Services (SAS) in March, after accusing London yesterday of trying to limit the scope of his inquiry.

At the end of the first day of a preliminary hearing, requested by the British Ministry of Defence to design the inquest, the coroner, Mr Felix Pizzarello, also refused to inspect a closed circuit television system through which the UK wants seven SAS soldiers involved in the shootings to give evidence.

The three IRA members, Mairead Farrell, Sean Savage and Daniel McCann, were shot dead on March 6, trying to leave Gibraltar after parking what was mistakenly thought to be a car bomb in the town centre. A bomb was later found in Spain in a car they had rented.

The killings led to a fierce political row in the UK after claims that some of the three had tried to surrender before they were shot. The inquest was set yesterday to start on September 6.

After hearing depositions from lawyers for the Crown, the seven soldiers and the families of the three dead IRA members, Mr Pizzarello chided Mr John Laws, a Treasury Counsellor appearing for the Crown, saying that "perhaps Mr (Patrick) McGory (of the victims) goes too far but you go too short."

Earlier, Mr Laws had asked the coroner to rule that the inquest would be limited to:

- The circumstances of the deaths themselves;
- The nature of the threat the three were understood to pose and which led to the matter

being put to the SAS and what was in the minds of the soldiers when they shot the three.

Making little attempt to disguise London's fear that an unfettered inquest could delve deep into British intelligence gathering well ahead of the killings, Mr Laws said that in the absence of a clear ruling from the coroner the Law of Public Inter-

est Immunity would be invoked, under which information would be legally withheld from courts.

The inquest should concern itself merely with "how, when and where" the three were shot, and a fair inquiry was perfectly possible if the court accepted that "there is no doubt that the deceased were terrorists intent on exploding the bomb in Gibraltar".

Both Mr Laws and Mr Michael Hucker, for the seven SAS men, also warned that the soldiers would not return to the colony to give evidence to the inquest without guarantees of watertight anonymity.

Either screens or a closed circuit television system could be used, said Mr Laws, "unless this is adopted the lives of these men and their families would be in danger" from "revenge attacks" by the Provisional IRA. Mr Hacker added that "it would

be difficult to see that the soldiers would appear to give evidence if these arrangements were not made".

For the families of the three, Mr McGory, a well-known Belfast solicitor, told the coroner that he would be "quite wrong" to make the kind of ruling now that the government lawyers were asking for.

"It would not require an

RUC officers must face inquiry

TWENTY OFFICERS in the Royal Ulster Constabulary are to face disciplinary proceedings arising from the Stalker-Sampson inquiry into three controversial shootings in Co Armagh, in which six men died.

Unionist politicians described the decision as "scandalous". A chief constable from Britain will be appointed to preside over the disciplinary hearing.

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Mr McGory's arguments appeared to offer Mr Pizzarello an ideal opening from which to attack the Crown's position. He told Mr Laws that he wanted the parameters of the inquests to be broad.

Mr Laws insisted this would still be possible under his three-point plan but said that "the stopping point is to go back to a point that is truly (before) the military involvement."

Despite Mr Pizzarello's rebuke to Mr Laws, and his refusal to see a demonstration of how evidence could be given on closed circuit television, his mood was difficult to read however.

Today should see him make decisions on both the reach of the inquest, the amount of anonymity to be offered to the SAS men (which they could accept or reject) and on whether Mr McGory is to be allowed to see statements made by the men to Gibraltar police plus pathological and ballistics reports, before the inquest. Mr Laws said the British Government would not oppose releasing the documents two weeks before September 6.

inquest of any depth to know that (the three) were not the kind of bullies fired by people who are said to be members of the security forces," he said. The inquest "must include an inquiry as to whether they died by legal or illegal means." If they were killed illegally, the inquest would need to know who was implicated, he said.

Mr McGory, speaking with some passion and without the many references to legal texts used by the government lawyers, ridiculed the idea that the SAS men would be in danger of their lives if they gave evidence (unnamed by name) in person.

British soldiers in Northern Ireland frequently gave evidence at terror trials and civilians were often subpoenaed "to give evidence against terrorists who are their neighbours." He said it was important to know more about the training and experience of

representatives of the UK consortium visited Kirovabad last week and it is understood officials of Moscow Narodny Bank are seeking final approval for the project in Moscow.

IAD yesterday refused to comment on the project.

Moscow begins reforms

Continued from Page 1

essential for updating the election system in the Soviet Union to ensure unlimited nomination of candidates, inclusion of more candidates on the slates than there are seats to be filled," and fixing of five years as the standard term for deputies in the people's soviets, Tass newsagency reported.

As of the next party elections - to be held this autumn - all members of party bureaux and secretaries of party committees, including the ruling Politburo and General Secretary Mikhail Gorbachev himself, may be elected to the same office for no more than two consecutive five year terms.

Mr Gorbachev gives Mr Gorbachev another 10 years to carry out his reforms.

WORLD WEATHER										
Azores	16	26	16	26	16	26	16	26	16	26
Buenos Aires	18	24	18	24	18	24	18	24	18	24
Bombay	26	32	26	32	26	32	26	32	26	32
Buenos Aires	18	24	18	24	18	24	18	24	18	24
Calcutta	26	32	26	32	26	32	26	32	26	32
Cardiff	15	21	15	21	15	21	15	21	15	21
Chennai	26	32	26	32	26	32	26	32	26	32
Colon	26	32	26	32	26	32	26	32	26	32
Delhi	26	32	26	32	26	32	26	32	26	32
Dublin	15	21	15	21	15	21	15	21	15	21
Edinburgh	15	21	15	21	15	21	15	21	15	21
Geneva	15	21	15	21	15	21	15	21	15	21
Hong Kong	26	32	26	32	26	32	26	32	26	32
London	15	21	15	21	15	21	15	21	15	21
Lyons	15	21	15	21	15	21	15	21	15	21
Madras	26	32	26	32	26	32	26	32	26	32
Manila	26	32	26	32	26	32	26	32	26	32
Medan	26	32	26	32	26	32	26	32	26	32
Osaka	18	24	18	24	18	24	18	24	18	24
Paris	15	21	15	21	15	21	15	21	15	21
Peking	18	24	18	24	18	24	18	24	18	24
Rangoon	26	32	26	32	26	32	26	32	26	32
Reykjavik	15	21	15	21	15	21	15	21	15	21
Singapore	26	32	26	32	26	32	26	32	26	32
Sourabaya	26	32	26	32	26	32	26	32	26	32
Taipei	18	24	18	24	18	24	18	24	18	24
Tokyo	18	24	18	24	18	24	18	24	18	24
Yokohama	18	24	18	24	18	24	18	24	18	24

UK bank rates rise further as £ falls

Continued from Page 1

est rates and a weakening pound to the position two months ago when a surge in sterling's value forced interest rates down. They are concerned, however, to avoid further sharp falls in sterling.

Many City economists predict further base rate increases in coming weeks. There is a widespread feeling among the economists that Mr Lawson had been timid in his response to growing inflationary pressures.

Mr Richard Jeffrey, economist at Hoare Govett, said the five, half point, base rises were "undermining confidence and left

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has acquired

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Tuesday July 5 1988

IVECO
Ford
TRUCK
DAIHATSU INTERNATIONAL TRUCK MANUFACTURER

Sara Webb in Stockholm analyses the diversification philosophy of a traditionally low-profile, publicity-shy Swedish office supplies group

Esselte quickens its pace on the technology trail of the future

ESSELTE, the Swedish office supplies group, has picked two business areas on which to concentrate in future - the computer-oriented office and the home entertainment business, both of which it sees as holding great potential for profits in the next decade.

Through a series of acquisitions and expanding profit lines, it has built up two main business areas, Esselte Business Systems (EBS) and Information Systems and Media (ISM), galvanised by the belief that in future offices will become more dependent on the personal computer and the related equipment and consumables, while in the home entertainment business the growing demand for alternative entertainment on television should bode well for video and pay-TV businesses.

In essence, Esselte envisages the office worker of the future spending his day surrounded by ever-more sophisticated and essential machines before coming home to slump in front of the television to watch videos or pay-TV. This traditionally low-profile, publicity-shy company started off in the printing business. However, the Esselte empire has shifted away from its old core area, which is now part of its industry and technology division and accounts for only about 5 per cent of group turnover.

Analysts express their doubts over whether this development is happening rapidly enough, believing Esselte can afford to be

more adventurous. But group management would prefer to stick to a more sedate tempo, growing at a steady rate each year.

Mr Jan Olofsson, executive vice president, says: "The change in the office environment is not very fast because it has a lot to do with human behaviour: the personal computers are for the younger generation, but we still have the older generation of pencil and ledger-users to cater for."

At the same time, he acknowledges Esselte's need to be ready to meet demand for the more advanced products, pointing to the enormous growth in the use of telefax machines both at work and outside the office. "Nowadays it is fairly common for senior employees to have their own telefax machine at home so they can receive or send messages to their colleagues outside office hours."

EBS, which is 79 per cent owned by Esselte, accounts for about 60 per cent of group sales and 80 per cent of group earnings. It is the most international of the three business areas with operations in 23 different countries - chiefly the industrialised ones as it is not really interested in developing countries.

The main activities in EBS are: ● **Bensons**, which produces ring-binders. ● **Dymo**, which manufactures office supplies, chiefly related to computers such as cassettes and ribbons. ● **Pendaflex**, which makes office

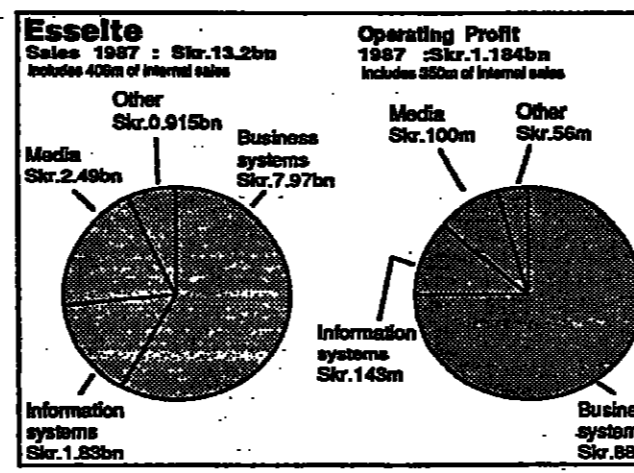
filling equipment. ● **Meto**, a retail supplier which produces electronic scales, and tools and labels for hand-held price markers.

● **Letraset**, which makes dry transfer lettering and aids for graphics designers. In each of these areas, Esselte has tried to develop up-to-date products. "We think EBS is a cash cow as it contains mainstream office supplies and some products of the future. There are the traditional products with large volumes but in each area we have looked for a new direction," says Mr Olofsson.

He sees the PC supplies as one of the most important areas for expansion in future because "computers use up a lot of consumables" such as ribbons, paper, and disks, and as offices become more modern, the demand for these goods will increase. The paperless office of the future does not mean an end to office supplies, in his opinion.

The graphics side too is thought to have great potential. The traditional Letraset business of rub-off lettering acquired International Typeface Corporation, a licensor of new typefaces, in order to expand its range. It has also moved into mounting and picture framing, and is developing graphic design software for computerised typography in printing and desk-top publishing.

Esselte Meto is working on more modern aspects of electronic markers and security devices for stores, and is planning to develop new labels which



serve as both price markers and security devices.

Esselte's other main leg, ISM, is mainly Scandinavian in its outlook, and concentrates on trading and services with no actual production.

It imports office equipment such as telefaxes, copiers and computers for distribution in Sweden, Denmark, Norway and Finland, and represents the major manufacturers, chiefly from the Far East. It also sells equipment through its subsidiaries Kontorsutveckling, Eiseren Kontor & Data (EKD), and Curt Enstroem, all of which have strong positions in Scandinavia with several sales outlets.

Mr Sven Wallgren, group chief executive officer, says that in late 1985, Esselte decided to build its chain of sales offices for office

equipment into "sophisticated shops serving offices in the area" because it was determined to move from being solely an importer into direct sales.

The area with the most potential for growth is the PC business, where Esselte sees itself as importer, dealer and distributor, and where it is competing with the subsidiaries of all the main manufacturers such as IBM in the Nordic region.

"Our advantage is we are here to make money regardless of product so we can be more flexible than one single manufacturer by offering customers a fuller range of products," says Mr Olofsson. Unlike the manufacturers who have to develop and test products in the market, Esselte can offer a range from different manufacturers and adjust the

mix according to demand. As a dealer, it is not interested in developing the technology but in spotting the right product and moving it into the marketplace once it has become established.

At the same time, Esselte is trying to add to these products by providing an office information data base with, for example, credit analysis and market information.

So a customer who wants a list of addresses for mail shots, for example, a list of doctors earning more than a certain income in the Stockholm area, could subscribe to the data base. "This means that we can import good office equipment from an international manufacturer, we can sell it as the dealer, and we can then provide information on the screen we're selling," says Mr Olofsson.

It is the entertainment business which has contained the most problematical venture so far for Esselte in the form of pay-TV, but despite the high start-up costs, the group sees pay-TV as having enormous potential in terms of profits, having seen what happened in the US market.

The pay-TV project, called Film-Net, is essentially 24-hour satellite-distributed motion pictures directed towards private households in Belgium, Holland, Luxembourg, Denmark, Norway and Sweden. It is a subscriber service, but advertising could provide further revenue in future. However, so far it has been a big expense.

costing SKr120m (\$17.6m) in 1986 and about SKr80m last year. The pay-TV venture has held Esselte's profit growth in check and is expected to cost Esselte about SKr300m.

The group believes the venture will continue to lose money in 1988 but start to break even around the turn of the year. So far, it has 280,000 subscribers and has been growing by 10,000 per month.

"Our subscriber base is still too small," admits Mr Olofsson, but adds that "pay TV has the biggest potential, profit-wise and growth-wise." To break even, it needs about 300,000 subscribers, giving a revenue of about SKr450m.

Competition in the field has effectively been ruled out, according to Mr Kent Eriksson, an analyst at the Stockholm brokerage Haggloef & Ponsbach. Esselte has five-year exclusive contracts with most of the major motion picture producers, including MGM, Universal, Warner, 20th Century Fox, Columbia, United Artists, Paramount and Disney.

"The problem is estimating the market potential and consumer reaction," says Mr Eriksson. Film-Net has an agreement with the Swedish PTT to join the selection of companies on cable television, but so far, the number of Swedish subscribers is relatively low.

However, if the boom in videos is any indication of public appetite for alternatives to Swedish state-run television, analysts believe Film-Net has great poten-

tial. Since the early 1980s, the video business in Sweden (in which Esselte has about a 40 per cent market share) has grown by about 25 per cent each year.

Part of the business strategy for the entertainment side is to stick to the Nordic countries which are small, well-developed with separate but similar languages (the exception being Finnish though the second language in Finland is Swedish). Esselte believes that this factor makes the Nordic market difficult for a large competitor to handle when it comes to subtitled films.

Mr Olofsson says: "These countries are big enough to be of interest to us but small enough for others to leave alone." The group takes pride in its "dull and unexciting" image and steady growth uninterrupted by great surges - or plunges. Sales for 1987 totalled SKr12.8bn, up 14 per cent on the previous year, while profits after net interest rose by 12.4 per cent to SKr834m. Profits for 1988 are expected to show at least a 10 per cent increase.

But despite Esselte's acquisitions, analysts believe it could still adopt a more aggressive stance - and that it will need to in order to maintain its growth rate in future. One solution might be to sell off parts of the printing business, which is not very profitable and look around for more projects in the entertainment sector. "Esselte will have to stop playing safe," says Mr Eriksson.

Booker to buy Linfood unit for £90m

BY MAGGIE URRY IN LONDON
DER CORPORATION, the UK food retailer which fought off a £1.9bn break-up takeover bid from the much smaller Barker and Dobson in February, is selling its Linfood cash and carry wholesale business in a series of moves seen as a response to criticism of the group.

Linfood is being bought by Booker, the agribusiness, health products and food distribution group, for £90m (\$151m). It will be merged with Booker's cash and carry operation to form the largest UK business of its type with a combined turnover of £1.5bn.

Dee is also discussing the sale of Digas, its Spanish food retailing business, and is closing its business development office in New York which had been looking for acquisitions in the US.

Jardine fails over lawsuit

JARDINE Strategic Holdings of Hong Kong has failed in a request to dismiss a lawsuit against it over the withdrawal of its bid for 20 per cent of Bear Stearns, the US investment bank, Reuters reports from Hong Kong.

Bear Stearns is seeking \$200m in damages. Legal observers said Jardine tried to end the case early by filing for summary judgment last month, but the latest ruling means it will now need to go through a lengthy legal procedure with the plaintiffs.

Cariplo deal with Santander hits snag

BY ALAN FRIEDMAN IN ROME
THE PLANNED agreement under which Cariplo, Italy's leading savings bank, is supposed to sell 30 per cent of its Istituto Bancario Italiano subsidiary to Banco Santander of Spain appeared increasingly uncertain last night after Cariplo's vice president attacked the deal.

Mr Carlo Polli, vice president of Cariplo, yesterday launched an unexpected broadside at the Cariplo-Santander accord, declaring in Milan that Santander's request to nominate the vice president and five division heads of Istituto Bancario Italiano was "unacceptable."

Under the deal, Cariplo is to receive 30 per cent of Santander's Catalan subsidiary, Banco Jover, plus a stake of just below 1 per cent in Santander itself. The green light for the deal was given by the Cariplo board on May 20. Cariplo last night sought to distance the bank from Mr Polli's remarks, saying the matter will be discussed on Thursday at a Cariplo board meeting.

This announcement is not an offering of the Series A Notes or Warrants which have been sold or of the Series B Notes and appear as a matter of record only.

New Issue

U.S. \$100,000,000

SAS
Scandinavian Airlines System
DENMARK NORWAY SWEDEN

8¼% Series A Notes Due 1991
Issue Price of the Series A Notes: 101.25%

and

100,000 Warrants to subscribe for U.S. \$100,000,000
9¼% Series B Notes Due 2003
Issue Price of the Warrants: U.S. \$18.00

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Union Bank of Switzerland (Securities) Limited	

June 1988

This announcement appears as a matter of record only.

Carbonos del Guasare, S.A.
A joint venture established to develop the Paso Diablo coal mine in the State of Zulia, Venezuela

has been formed by

Carbones del Zulia, S.A.
a wholly-owned subsidiary of
Petroleos de Venezuela, S.A.

ACC Venezuela, Inc.
a wholly-owned subsidiary of
Atlantic Richfield Company

Agipcoal S.p.A.
a wholly-owned subsidiary of
ENI

The undersigned acted as financial advisor to Carbones del Zulia, S.A. in the selection of foreign partners and negotiation of joint venture agreements.

The Chase Manhattan Bank, N.A.
June 1988

CHASE

INTERNATIONAL COMPANIES

Trelleborg stalks SKF after 10% shares deal

BY SARA WEBB IN STOCKHOLM

TRELLEBORG, THE Swedish industrial group with interests in rubber, plastics, mining and chemicals, has snapped up a 10.1 per cent shareholding in SKF, the world's leading roller bearing manufacturer and one of the Wallenberg companies.

The deal represents the acquisitive Trelleborg's most daring share raid to date. It is understood to be keen to increase further its stake, with a view to shaking SKF's dull profits performance.

Trelleborg yesterday divulged that it was the mystery buyer behind the dramatic surge in the price of SKF shares during the past two weeks.

It has bought shares - mostly A class, which carry stronger voting rights - from several different sources for a total of about SKr270m (\$43.9m).

The price of A class shares has risen by about 14 per cent in the last fortnight, while the weaker B class shares registered an increase of about 17 per cent.

In a statement to the Stockholm Stock Exchange, which requires notification once a buyer has acquired more than 10 per cent in a quoted company, Trelleborg said it had bought the shares because SKF was a dominant player in the world market for bearings. The company added that it believed SKF should earn more money and prove a good investment.

However, while Trelleborg said there would be "no bid yet," it hinted that its interest in SKF was long-term.

The Wallenberg investment companies now own about 11 per cent of the share capital and 23 per cent of the votes while Skander, the Swedish construction company, controls 25 per cent of the votes and 13 per cent of the share capital.

Mr Rune Andersson, managing director of Trelleborg, has already been praised by Swedish business circles for his successful concept of rationalising mature businesses and turning Trelleborg into a group with profits of SKr265m on sales of SKr17.22m last year.

He put the company back on its feet by pursuing an aggressive series of acquisitions in the sector, and then set about looking for new areas for diversification.

Two years ago, Trelleborg acquired a controlling stake in Boliden, the loss-making metals, mining and chemicals group, installed new management and returned the company to profit in 1987.

It made a SKr3.5bn bid for outstanding shares in Boliden in October 1987, and Mr Andersson has since made it clear he believes there is a handful of other Swedish companies in mature businesses - like the rubber business - which are showing stagnant profits and which have the potential for better performance.

SKF would appear to fit his criteria as a company in a mature business with low margins and weak profitability.

The roller bearings group has a 20 per cent market share of the world market. It made profits of SKr1.15bn, after financial items, on sales of SKr9.5bn last year and expects 1988 profits to be unchanged while sales might increase by about 5 per cent.

Its profits have been held in check by overcapacity in the world market, which has prevented SKF from increasing its prices. Its main competitors include FAG of West Germany and NSK and NTN, the Japanese groups.

Unlike the UK, Sweden does not have a mandatory bid rule, so if Trelleborg continues to buy up SKF shares it would not be obliged to make a full bid after reaching a certain level.

BAYERISCHE LANDESBANK 1987
GOOD RESULTS IN AN EVENTFUL YEAR

Highlights from the Consolidated Balance Sheet as of December 31, 1987

Assets	(in DM million)	Liabilities	(in DM million)
Cash	437.1	Due to banks	37,840.9
Bills	251.1	Other creditors	20,998.7
Due from banks	48,120.7	Bonds issued	50,595.7
Treasury bills and other securities	7,030.7	Loans on a trust basis at third-party risk	13,268.7
Due from customers	58,574.4	Provisions	985.5
		Profit participation rights	50.0
Loans on a trust basis at third-party risk	13,268.7	Nominal capital	950.0
Participations	511.1	Revenue reserves	1,866.0
Land and buildings	599.4	Profit available for distribution	66.5
Other assets	2,528.6	Other liabilities	4,699.8
Total	131,321.8	Total	131,321.8

- Consolidated Balance Sheet Total rises 8.2% to DM 131.3 billion
- Lending volume increases to DM 81.2 billion
- Issued bonds surpass DM 50 billion
- Interest surplus exceeds DM 1 billion
- Equity grows to DM 2.9 billion
- Solid contributions to growth and profitability from London, New York, Singapore, and Luxembourg
- Leading in introductions of international stocks to OTC market
- Own issues rated AAA and Aaa
- Good start in 1988

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La Générale names key backer

BY TIM DICKSON IN BRUSSELS

A COMPANY bearing the name of one of Europe's great sixteenth century thinkers is set to become the leading shareholder of Société Générale de Belgique.

Erasmus Capital - formed by Belgian interests in the heat of this year's struggle between Mr Carlo De Benedetti, the Italian businessman, and Compagnie Financière de Suez, the French investment bank - is expected to end up with about 40 per cent of La Générale following a complex new share swap announced in Brussels yesterday.

The latest deal, however, does not in any way diminish the prime influence of Suez, whose effective control over Belgium's most powerful holding company was confirmed last month in a dramatic shareholder truce with Mr De Benedetti.

It should be seen essentially as a reshuffling of the winning side's extensive pack, the prelude to the participation of new foreign and domestic investors, and an attempt to enhance the role of the French bank's Belgian allies.

Last month's agreement left

the Franco-Belgian camp in La Générale, which also includes Luxembourg and Swiss interests, holding about 80 per cent after Mr De Benedetti had agreed to reduce his direct and indirect holdings to 16 per cent.

Under the new plan, Erasmus Capital, which was set up on April 1 by Groupe AG, the leading Belgian insurance concern, and three other Belgian financial groups - Imofa, Nagelmackers and Lessius - will be "the principal controlling vehicle for La Générale."

Suez, AG and other partners will put their La Générale shares into Erasmus, whose own shareholding structure has not yet been finalised but in which Suez will not have more than 50 per cent.

Ultimate Suez control, however, would appear to be ensured by the fact that among the minority shareholders of Erasmus will be Sodecom, another company set up this year, which owns 18m of the 42m La Générale shares in issue and which itself is ultimately controlled by the French bank.

Sodecom meanwhile, will "progressively reduce its stake" in other ways and "could code a part of its shares to international partners wishing to associate themselves with the majority bloc."

No names have been mentioned but this could be one means for the much touted participation of Mr Robert Maxwell, the British businessman, who is known to be in negotiations to purchase a stake in La Générale. Sodecom is also likely to make some of its shares available to the public through a placing, but "it will keep a participation which, along with that of Erasmus Capital, will assure clear and lasting control over Société Générale de Belgique."

Mr Maurice Lippens, AG president who issued yesterday's announcement, claimed the new measures showed the willingness of the majority camp to end the instability of the last few months. They also illustrated the willingness of Suez and its principal Belgian and European allies to "give the Belgian anchor the role which has come to it."

Gotthard Bank set to hold record profit

BY WILLIAM DUFFIN IN GENEVA

GOTTHARD BANK (Banca del Gottardo), the Swiss concern controlled by Sumitomo Bank of Japan, said yesterday its 1988 net profit should reach last year's record SFr50m (\$26.5m) in spite of increases in general and personnel costs.

The Lugano-based bank reported a 9 per cent rise in total assets to SFr5.3bn in the first half and said gross earnings had been considerably higher than budgeted, although not as high as those achieved in the first six months of 1987.

Commissions from securities trading had been "clearly lower" but had been partially offset by increases in returns from capital investments, foreign exchange business and new-issue operations.

In March, Gotthard Bank bought a 75 per cent stake in Banque de Gestion Privée of Geneva, which specialises in asset management and turned in a net profit of SFr2m last year.

Gotthard Bank acquired last year a 45 per cent interest in Banque Pariente, another Geneva bank active in asset management, which it will take over completely in 1991.

Since the middle of June, Gotthard Bank's shares have been quoted on the Frankfurt Stock Exchange.

The Swiss Government has called for early repayment of two federal bonds totalling SFr10m. The bonds are the 4.75 per cent 1980 and the 6.25 per cent 1990.

Fiat in radio-telephone joint venture with Matra

BY ALAN FRIEDMAN IN ROME

FIAT, THE Italian motor group, announced yesterday that it had agreed a joint venture with Matra Communication, the second largest French producer of telecommunications systems, to develop mobile radio-telephone systems.

The venture will see Telettra, Fiat's telecom subsidiary, working with Matra Communication to develop cellular mobile radio-telephone systems, including transmitting stations and related equipment.

Fiat said it could not place a value on the technical and commercial accord, but that the aim was to achieve significant sales in the European car telephone market over the next 10 years.

Matra Communication had revenues of FF2.6bn (\$424.1m) in 1987, while Telettra achieved total sales of L849m (\$481.1m).

Fiat already has a separate joint venture with the Matra group in the car components sector, in which the Italian company controls 65 per cent.

This announcement appears as a matter of record only



Bank of China

US \$ 51,000,000

Financing the construction of the Panjin petrochemical complex erected for China National Technical Import Corporation under contract with Technipetrol SPA

with the intervention of Mediocredito Centrale

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BNL Investment Bank plc

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AEROSPACE

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30th AUGUST

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LONDON & BUSINESS NEWSPAPER

HALIFAX
BUILDING SOCIETY
£150,000,000
Floating Rate Loan Notes
Due 1996 (Series A)

Interest Rate	8.975%
Interest Period	30th Aug 1988
Interest Payment	31st Aug 1988
£ 1,000,000	£ 37.71
Subscription Fee	£ 77.28

Credit Index Plus Series A Limited
Issue Date

AMERICAN EXPRESS
US\$200,000,000
American Express Bank Ltd.
Floating Rate Subordinated Capital Notes Due 1999

Notice is hereby given that for the Interest Period 6th July, 1988 to 6th October, 1988 the Notes will bear interest at the rate of 8% per annum. The interest payable on 6th October, 1988 against coupon No. 6 will be US\$204.44 per US\$10,000 nominal and US\$5,111.11 per US\$250,000 nominal.

DATED THIS 5th DAY OF JULY, 1988


Principal Paying Agent
ORION ROYAL BANK LIMITED
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S. G. Warburg Capital B.V.
U.S.\$200,000,000 Floating Rate Notes 2006
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In accordance with the provisions of the Notes, notice is hereby given that, for the six month period, 5th July, 1988 to 5th January, 1989, the Notes will bear interest at the rate of 8 1/4 per cent per annum. Coupon No. 5 will therefore be payable on 5th January, 1989 at U.S.\$10,541.67 per coupon from Notes of U.S.\$200,000 nominal and U.S.\$421.67 per coupon from Notes of U.S.\$10,000 nominal.

S. G. Warburg & Co. Ltd.
Agents Bank

New Issue June 14, 1988



EUROPEAN INVESTMENT BANK
Luxembourg

DM 200,000,000
5 7/8% Bearer Bonds of 1988/1998


Issue Price
99 1/2%

Bayerische Vereinsbank
Aktiengesellschaft

Bayerische Landesbank Girozentrale	Commerzbank Aktiengesellschaft	Deutsche Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft	Westdeutsche Landesbank Girozentrale	
Banca del Gottardo	Banco di Roma	Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
BHF - BANK	DG BANK Deutsche Genossenschaftsbank	Hyundai Securities Company Limited
Industriebank von Japan (Deutschland) Aktiengesellschaft	J. P. Morgan GmbH	Morgan Stanley GmbH
Nomura Europe GmbH	Schweizerische Bankgesellschaft (Deutschland) AG	
Schweizerischer Bankverein (Deutschland) AG	Trinkaus & Burkhardt KGaA	Vereins- und Westbank Aktiengesellschaft

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New Issue June 16, 1988



McDonald's Corporation
Oak Brook, Illinois, U.S.A.

DM 100,000,000
5 1/4% Bearer Bonds of 1988/1993


Issue Price
100%

Bayerische Vereinsbank
Aktiengesellschaft

Deutsche Bank Aktiengesellschaft	Dresdner Bank Aktiengesellschaft
CSFB-Effectenbank Merrill Lynch International & Co. J.P. Morgan GmbH	
Morgan Stanley GmbH	Salomon Brothers AG
Schweizerischer Bankverein (Deutschland) AC	

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New Issue June 16, 1988



Maxwell Communication Corporation plc
Oxford, England

DM 150,000,000
6% Bearer Bonds of 1988/1993


Issue Price
100 3/4%

Bayerische Vereinsbank
Aktiengesellschaft

Dresdner Bank Aktiengesellschaft	Arab Banking Corporation - Daus & Co. GmbH	Bankers Trust GmbH
Banque Paribas Capital Markets GmbH	BHF-BANK	Chase Bank Aktiengesellschaft
Creditanstalt-Bankverein	Crédit Lyonnais SA & CO (Deutschland) OHG	CSFB-Effectenbank
Daewoo Securities Co. Limited	Deutsche Bank Aktiengesellschaft	LTCB International Limited
Morgan Stanley GmbH	The Nikko Securities Co. (Deutschland) GmbH	Schweizerische Bankgesellschaft (Deutschland) AG
Schweizerischer Bankverein (Deutschland) AG	Société Générale - Elsassische Bank & Co.	
Swiss Volksbank	Trinkaus & Burkhardt KGaA	Vereins- und Westbank Aktiengesellschaft
Westdeutsche Landesbank Girozentrale	Wirtschafts- und Privatbank	

This announcement appears as a matter of record only. The Bonds have not been registered for offer or sale in the United States of America and may not be offered or sold in the United States of America or to nationals or residents thereof or to other U.S. persons.

New Issue July 1, 1988



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Amsterdam, Netherlands

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6 1/2% Bearer Bonds of 1988/1998

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Algemene Bank Nederland N.V.	Bank für Gemeinwirtschaft Aktiengesellschaft	Bank in Liechtenstein (Frankfurt) GmbH
Bank of America International Limited	Bank Brussel Lambert N.V.	Bank of Tokyo (Deutschland) Aktiengesellschaft
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CSFB-Effectenbank	Daiwa Europe (Deutschland) GmbH	DG BANK Deutsche Genossenschaftsbank
Deutsche Girozentrale -Deutsche Kommunalbank-	Dresdner Bank Aktiengesellschaft	Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien
Industriebank von Japan (Deutschland) Aktiengesellschaft	J.P. Morgan GmbH	Marcard, Stein & Co.
Merck, Finck & Co.	B. Metzler seel. Sohn & Co. Kommanditgesellschaft auf Aktien	Morgan Stanley GmbH
Nomura Europe GmbH	Norddeutsche Landesbank Girozentrale	Sal. Oppenheim jr. & Cie.
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INTERNATIONAL COMPANIES AND FINANCE

The chairman of Bayer, the West German chemicals group, talks to Peter Marsh

Strenger aims to shoot down old notions



Hermann Strenger, described by a rival as the best public relations person Bayer has

AS A BOY soldier in the closing days of the Second World War, Mr Hermann Strenger helped train anti-aircraft guns on Allied pilots zooming over Germany. Today as chairman of Bayer, the West German chemicals giant, he is firing with equal tenacity at some of the traditional notions in the chemicals industry.

After 35 years with the company, the youthful-looking Mr Strenger took over as head of Bayer four years ago at the age of 55. It was the first time a marketing man rather than a chemist had risen to the top job of any of the big three German chemicals companies.

Mr Strenger has no academic qualifications and has risen to the top at Bayer - the other two German chemicals giants are BASF and Hoechst - after a series of mainly sales-oriented jobs within the company.

In an interview in his skyscraper office high above Bayer's main plant in Leverkusen, near Cologne, Mr Strenger is keen to highlight the high-tech nature of today's chemicals industry. He points out that his company's annual spending on research and development (R&D), which in 1973 was only half its outlay on factory investment, had by last year almost caught up with the latter figure. The two sums in 1987 were DML5bn (\$714.3m) and DML5bn respectively.

Bayer's product portfolio has

shown an increasing emphasis over the past decade on the more specialist, high-value areas of chemicals such as pharmaceuticals, crop-protection agents and new types of ultrastrong materials for industries like cars and aerospace.

The less fashionable types of "smokestack" chemicals - areas like fibres, rubber compounds, dyes and plastics - have shown a corresponding decline in importance, accounting for just over a fifth of Bayer's sales last year of DM37bn, compared to about one third of the figure in 1972.

Mr Andrew Treman, a chemicals analyst at James Capel, the London stockbroker, says that Bayer's focus on the specialist side of the chemicals industry puts it in "good shape" for the future. Such products are, many in the business believe, more likely to survive changes in demand due to economic downturns and have stronger long-term growth prospects than the bulk products in the industry.

The change in focus towards the research-intensive aspects of the business has, according to Mr Strenger, a need for more interdisciplinary working at all levels of Bayer's management. He says executives and scientists must be more accustomed to switching jobs more often and liaising with other people. "In for-

mer times you had people working for themselves alone," says Mr Strenger. "Now you must be part of a team."

The company has recently made a new rule that no one would become a senior manager without having lived at least three years in a foreign country and having had at least two jobs in different parts of the company. "The more jobs the better," says Mr Strenger, who has travelled extensively in his career at Bayer and speaks five languages - German, Swedish, Portuguese, English and Spanish - and can get by in French.

All this ties in with Bayer's increased overseas operations, with West German sales last year accounting for only about a fifth of total revenues, compared with a third 15 years ago. North America has been the main market in which Bayer has expanded, with the region accounting for 18 per cent of sales last year compared with 11 per cent in 1973.

The admiration is shared elsewhere. A director of Imperial Chemical Industries, the biggest UK chemicals group, says of Mr Strenger: "He's a very stimulating chap."

One of the Bayer chairman's worries concerns attitudes in Germany towards some aspects of science and technology, concerning in particular genetic engineering. This field, which involves the artificial manipulation of genetic fragments to make new molecules, is of increasing relevance to many sectors of the chemicals business, especially drugs and crop-protection.

There has been less acceptance in Germany, he believes, of the beneficial effects of the technology, and more attention given to possible side-effects like the accidental production of new organisms.

The idea of a German multinational is less entrenched than that of a US, Dutch or even British company with activities encircling the globe. But one of Mr Strenger's ambitions is, it seems, to have Bayer accepted as playing this role. He likes to talk about the linked "triangle" of the European, Japanese and American markets, with Bayer highly active in each. "To be a truly international company, you must be present in all these regions in the fullest way, in terms of market share, production and research as well."

Vnesheconombank Bank for Foreign Economic Affairs of the USSR

ECU 29,112,500
Medium Term Italian Export Credit Loan

with the intervention of Istituto Centrale per il Credito a Medio Termine relating to a contract for the supply of an ink plant to Technashipport awarded to



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Monte dei Paschi di Siena, Frankfurt Branch

Italian Paying Agent Banca Nazionale del Lavoro Milan Branch Agent Banca Nazionale del Lavoro London Branch

BNL Investment Bank plc BNL Investment Bank plc

Waitaki buys Challenge Meats

WAITAKI INTERNATIONAL, the New Zealand meat processor, is to buy Fletcher Challenge's Challenge Meats for NZ\$217.5m (US\$148m), writes Our Financial Staff.

Waitaki will issue to Fletcher Challenge, New Zealand's largest company, 50m new shares at NZ\$1.35 each and a subordinated redeemable zero coupon debt instrument of NZ\$150m.

Waitaki also is selling its Marlborough and Pineland plants to Primary Producers Cooperative Society for an undisclosed sum.

Waitaki and Challenge Meats will merge. The restructured company's main shareholders will be Goodman Fielder Wattie, the Australasian foods combine, and Fletcher Challenge, with 29 per cent each, and the New Zealand Meat Producers' Board's investment arm, Freesia Investments, with 14 per cent.

Waitaki also announced a loss of NZ\$3.4m for the six months to April 1, against a NZ\$13.5m profit for the same period a year ago.

Waitaki will close two meat processing plants, Inlington at Christchurch and Burnside at

Hill Samuel Base Rate

Hill Samuel & Co. Limited announce that with effect from close of business on 5th July 1988, their Base Rate for lending will be increased from 9.5 per cent to 10.0 per cent. per annum.

Hill Samuel & Co. Limited
100 Wood Street, London EC2P 2AJ
Telephone: 01-625 8011.

Chinese banker calls for more W European finance

A SENIOR Chinese investment banker called yesterday for a greater inflow of Western European finance to increase an involvement in mainland ventures which he said "does not seem to match their present standing in the global economy."

Mr Zhuang Shou Cang, the Hong Kong-based deputy managing director of China International Trust and Investment Corporation (Citic), the mainland's leading conduit for foreign investment, said in London that Citic had recently redefined its strategy to emphasise exports and industrial technology.

This follows a period in which many overseas joint ventures in China have been in hotel and property development, leading to over-saturation in some cities. His call also comes at a time when an outflow of Peking funds is starting to extend beyond Hong Kong to North America, Australia and Europe.

Citic is a participant in the Eurotunnel financing syndicates while China Merchants Group and the Tianjin Municipal Government, two other state entities, last month announced separate investments in UK property, insurance and oil services totalling more than £40m.

Mr Zhuang was speaking at a Hong Kong and China investment conference sponsored by Sun King Kai Securities, the largest domestic Hong Kong stockbroking house. He described as "very satisfactory" Citic's 12.5 per cent holding in Cathay Pacific Airways acquired from the Swire group and Hongkong and Shanghai Banking Corporation at the start of 1987, its most prominent purchase abroad.

This year Guangdong Posts and Telecommunications Bureau, another Chinese organisation, acquired a smaller stake of less than 1 per cent in Hong Kong Telecommunications, the private utility which Mr Brian Famberton, deputy chairman, told the conference was experiencing sustained growth in China call traffic. The company, a subsidiary of the UK's Cable and Wireless, was spending HK\$1.5bn a year to expand and renew its systems.

Barclays Bank Base Rate

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 4th July 1988 their Base Rate increased from 9½% to 10%

BARCLAYS

Barclays Bank PLC and Barclays Bank Trust Company Limited are members of IMRO
Reg. Office: 54 Lombard St, EC3P 3AH, Reg. No. 1026167 and 920890.

Clydesdale Bank PLC

BASE RATE

CLYDESDALE BANK PLC ANNOUNCES THAT WITH EFFECT FROM 5TH JULY, 1988, ITS BASE RATE FOR LENDING IS BEING INCREASED FROM 9½% TO 10% PER ANNUM

TSB BANK

With effect from the close of business on Monday 4th July 1988 and until further notice, TSB Base rate is increased from 9.50% p.a. to 10.00% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

TSB Group plc, 25 Milk Street, London EC2V 8LU.

YORKSHIRE BANK

Base Rate

With effect from close of business on Monday 4th July 1988 Base Rate is increased from 9½% to 10%

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Yorkshire Bank Base Rate will be varied accordingly.

Yorkshire Bank
Head Office 20 Merriion Way, Leeds LS2 8NZ

bank leumi (uk) plc

Base Rate

Bank Leumi (UK) plc announces that with effect from Tuesday 5th July 1988 its base rate for lending is increased from 9½ per cent per annum to 10 per cent per annum.

bank leumi בנק לאומי

Mortgage Capital Trust II
U.S. \$150,055,000
Collateralized Mortgage Obligations, Series A

For the period 1st July, 1988 to 1st October, 1988 the Bonds will carry an interest rate of 8.375% per annum with an interest amount of U.S. \$14,68457 per U.S. \$1,000 Bond (an "Individual Bond"), payable on 1st October, 1988.

The principal amount of the Bonds outstanding is expected to be 70.135280% of the original principal amount of the Bonds, or U.S. \$701,35280 per U.S. \$1,000 original principal amount.

Bankers Trust Company, London Agent Bank

DEN NORSKE STATS OLJESELSKAP A.S. (STATOIL)
FF 750,000,000
Floating Rate Notes Due 1993

In accordance with the terms and conditions of the Notes which are hereby given that the Base Rate of Interest for the Interest Period 7th June 1988 to 30th September 1988 has been fixed at 7.5625% per annum. The interest payable on the relevant Interest Payment Date, 30th September 1988, will be FF1,332.64 per FF100,000 and FF193.26 per FF10,000 Note.

Banque Nationale de Paris p.l.c. Reference Agent

James Hardie Industries Limited
Incorporated in New South Wales

	Year end 31 March 1988	Change from previous year
Sales	\$A1739.0 million	+16.2%
Profit after tax & minorities	\$A 70.4 million	+16.3%
Earnings per share (adjusted)	30.0 cents	+11.1%
Dividends per share (adjusted)	17.0 cents	+11.6%

James Hardie - one of Australia's largest manufacturing companies whose main activities are building materials and paper merchanting and conversion:

- improved its profit in all major divisions
- started 1988/89 with buoyant activity in both building materials and paper
- announced a corporate restructuring which will commence with the float of its paper activities later in 1988
- continued to divest non-core operations
- wrote off all outstanding goodwill as an extraordinary item

For further information on the Group, please write to the Company Secretary of James Hardie Industries Limited, 65 York Street, Sydney, NSW 2000, Australia.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Matador offers dominate subdued holiday markets

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

AN international bond market subdued by the US Independence Day holiday, there was something of a Spanish flavour to the new issue market.

A Franco issue for the World Bank is second on the Matador issue - and a \$300m Euro-convertible issue for Telefonica de Espana both had a positive reception.

The peseta issue, led by Bilbao Merchant Bank, carries a 10 year maturity, par pricing and a coupon of 10% per cent.

INTERNATIONAL BONDS

ees, being bid at a discount of 2 percentage points to issue price. It was the D-Mark issue - was fair but 10 years was not a sought-after maturity.

Commerzbank and Dresdner Bank were joint lead managers of a DM200m issue for Thailand, the country's first public issue in D-Marks.

Swiss may bring foreign banks into bond cartel

By Our Financial Staff

SWITZERLAND'S big three banks are understood to have won approval from members of their bond-issuing syndicate to start talks aimed at bringing foreign banks into the Swiss cartel.

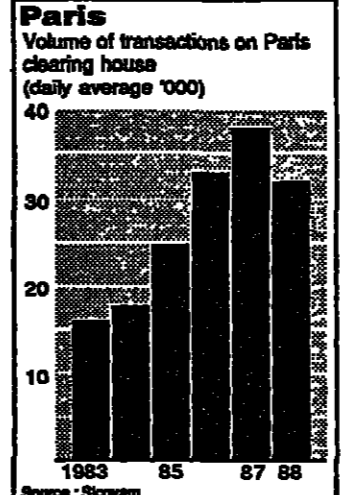
George Graham reports on high-tech changes for the French bourse Paris goes for speedier settlement

THE FRENCH bourse is about to put the finishing touches to its "dematerialisation" programme, aimed at transferring bearer share certificates onto a unified electronic stock register.

volume increased their usual transaction load. The new system is expected to settle transactions automatically within a reasonable time period.

completed, and tests will take place at the end of the year. Real time testing of the system with a few banks and brokers is expected to take place early next summer.

on the second day after dealing, although Sicovam says its system could cope with next-day settlement.



Source: Sicovam

Mitsui Bank in US securities move

MTSUI BANK of Japan said yesterday it plans to seek permission from the San Francisco Federal Reserve Bank to set up a wholly-owned securities firm to underwrite and trade US government bonds issued by municipalities and other public organisations.

underway, and that the application would be submitted "in the near future."

in areas now permitted to banks and financial concerns owned by banks under the Glass-Steagall Act of 1933.

But it noted that the bank was also aware that, in case the act were amended to allow more securities-related activities for banks, there would be considerable advantage to having the widest possible experience in the underwriting and brokering of securities.

Finland to limit foreign ownership in insurance

BY OUR FINANCIAL STAFF

THE FINNISH Government plans to change its laws to limit foreign ownership of Finnish insurance companies.

Hitachi Metals earnings soar despite static sales

BY OUR FINANCIAL STAFF

HITACHI METALS, a leading Japanese manufacturer of magnetic materials and other special products, yesterday reported a 203.2 per cent year-on-year rise in consolidated net earnings.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for Country, Issue, Maturity, Coupon, and Yield. Includes sections for US Dollar, Yen Straights, Other Straights, and various convertible bonds.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday July 4 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Large table with columns for Country, Currency, and Exchange Rate. Lists rates for various countries including Algeria, Angola, Argentina, Australia, Austria, etc.

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Eastern imports; (f) Financial rate; (g) Exports; (h) Non commercial rate; (i) Business rate; (j) Buying rate; (k) Lumpy goods; (l) Market rate; (m) Official rate; (n) Preferential rate; (o) Preferential rate; (p) Convertible rate; (q) Parallel rate; (r) Selling rate; (s) Tourist rate.

TRADE INDEMNITY EXPORT FINANCE SERVICES 01-739 9939

UK COMPANY NEWS

Suter sells transport hire subsidiary in £32m deal

BY RAY BASHFORD

Suter, industrial holding company, has sold Mitchell Cotts Transport Services for £32m as part of a plan to reduce borrowings.

Transfleet Services, a truck contract hire and rental group jointly owned by Lex Service and Lombard North Central, is paying £16.5m cash and will also assume the external borrowings of MCTS.

The sale was foreshadowed at the Suter annual meeting in May when Mr David Abell, chairman, said he hoped to raise more than £40m through the sale of a number of businesses.

Mr Abell said these sales would cut borrowings to less than £40m by the end of last month. He also forecast that net assets at the

same date would be £90m, compared with £53m at the end of last year.

Suter earlier this year also revalued 16 of its most substantial properties which showed a surplus of £15m over book values.

MCTS was acquired in June last year for £77m when Suter won a battle for control of Mitchell Cotts against the initial opposition of the engineering and chemicals group's board.

The disposal is by far the largest of several sales of Mitchell Cotts assets which Suter has made. The previous sales were of marginal or loss-making businesses, including operations in South Africa and Australia.

MCTS retained a pre-tax profit

of £2m in the 18 months to December and the company's net assets, including the property which is part of the disposal, were valued at £28m on July 1 when the terms of the sale were finalised.

The acquisition will add 2,000 vehicles to the fleet under Transfleet's control and increase its total to 4,700. Mr Terry Robinson, managing director of Transfleet said the purchase would broaden the company's geographical spread and help achieve the aim of trebling its fleet within five years.

Transfleet's joint owner, Lex Service distributes Leyland Daf, Iveco, Ford and Volvo trucks from 11 locations in the UK.

Cookson has 6.3% of Johnson Matthey

By Clare Pearson

Cookson, acquisitive specialist metals and chemicals manufacturer, has bought a 6.3 per cent stake in Johnson Matthey, precious metals group, it emerged yesterday.

Cookson said it had bought the 10.85m shares as a "strategic investment". Executives were unavailable to comment on the stake-building last night.

Johnson Matthey's shares closed 2p higher at 301p, valuing the company at about £1.2bn. Cookson's shares closed 2p lower at 272p to give a market capitalisation of £361m.

Cookson, which derives almost half of its profits from the titanium dioxide joint venture with ICI, also has substantial interests in the soldering and distribution of precious metals.

Johnson Matthey's main business is the refining and marketing of platinum. Its main shareholder, Charter Consolidated, mining and investment group, holds 55 per cent of the equity.

Mr Gordon Thorburn, administrative director, said Johnson Matthey was "studying Cookson's statement and considering what action it should take".

Cookson said it had bought its holding at an average cost of 272p - more than 5 per cent of its net assets.

See Lex

Vinten grows by 22% to £3.8m

BY VANESSA HOULDER

Vinten Group, avionics, broadcast equipment, electro-optical components and instrumentation group, yesterday announced a 22 per cent rise in pre-tax profits to £3.8m. Turnover increased from £20.1m to £23.2m.

The results were marked by strong performances by the core military and broadcasting divisions tempered by losses in the electro-optics and technology divisions.

Mr Ron Marler, chairman, said that overall he was very encouraged by the year and the directors were confident of further progress this year. Action had been taken on the unexpectedly severe problems at Exotic, US electro-optics company, which was now back on course, he said.

The military division, which is mainly concerned with retrofitting and upgrading airborne systems, increased profits by 47 per cent to £2m on virtually static turnover of £8.1m. The improvement in margins was caused by production changes and a different sales mix, said Mr Marler.

The broadcast division more than doubled profits to £3.2m (£1.6m) on turnover up from

£2.2m to £12.8m. Sales increased in both its lightweight range of tripods and heads and its traditional products.

The electro-optics division reported a £330,000 loss against profit of £200,000 last year on turnover of £6.8m (£8m). The UK company improved profits but a production problem at Exotic took longer to resolve and was more costly than expected. Following management changes and a review of production practices, Exotic was returned to profit.

The technology division reported a loss of £113,000 (profit of £76,000) on turnover of £5.5m (£5.8m). The deficit stemmed from Trivector after slow progress in the development of marketable products.

Two approaches to buy the company were aborted during the year, after which the managing director resigned. The future of the company is being reviewed this week.

After heavy investment, Vinten Instruments finished the year with a small profit.

Interest payable amounted to £410,000 (£374,000), while earnings per share increased from 10.7p to 11.5p. A recommended final divi-

dent of 2.75p makes a total of 4p (3.3p) for the year.

● comment

Although these profits were not greatly ahead of expectations, an upbeat presentation prompted analysts to raise their forecasts for the present year to at least 5m. The chief excitement stems from the sparkling performance from the broadcasting division, which thanks to the deregulation of European broadcasting and a boom in corporate video making looks set to continue its dramatic rise. Meanwhile the military side, now fully recovered from its misadventure a few years back, should stage a reliable if spectacular growth. An extra filip should be gained from the Exotic turnaround, which could return the electro-optics division's profits to their previous level. The main question mark hovers over the management's ability - by sale or otherwise - to staunch the losses of the Trivector business. That - and a faint impression that the company is accident prone - puts the shares, up 10p to 160p, on an otherwise inexpensive rating of 11.

Beazer confirms Koppers sale

By Philip Coggan

Beazer, construction and building materials group, yesterday confirmed the sale of the chemicals business of Koppers to an investment group for \$660m in cash.

The investment group is led by members of the chemicals company's management and by the Sterling Group, US chemicals buyout specialist.

Beazer had stated that it would sell the Koppers chemicals business even before it secured the acquisition of the US group last month. Beazer will retain the aggregates business of Koppers.

The cash element of the deal will be used to pay part of the syndicated bank facility, organised by Citibank, as backing for the deal. After the merger, BNS, US vehicle for the Koppers bid, will have \$288m in ordinary and preferred equity and \$726m in debt.

BOC completes

BOC Group has completed the sale for \$71m of its carbon electrode plant at Ridgeville, South Carolina, to Showa Denko KK of Japan. Contract negotiations are proceeding for the sale to a leverage buy-out consortium of the balance of BOC's carbon assets and its US calcium carbide business.

Norman Hay in £3.29m purchase

Norman Hay, Middlesex-based electroplating and anodising company, is acquiring Fothergill Engineering Services from Fothergill & Harvey, a Coventry-based subsidiary, for £3.29m. Included in the purchase price are two freehold properties, occupied by FES, in Coventry and Leids.

The deal will be satisfied by the issue of 3m new shares at a price of 114p.

In the year to end-March, FES made an operating profit of £516,000 on sales of £4.17m.

Propeller

Propeller, designer and distributor of men's casual wear, is acquiring the Michael Ross Group, designer knitwear maker, in a £1m deal - half cash and half shares.

Carroll purchase

Carroll Industries has acquired New York based direct mail catalogue company, Bedford Fair Industries, for an initial \$6.5m (£4.4m), with a further \$6.5m dependent on Bedford Fair's earnings for 1988, 1989 and 1990.

All-round growth boosts Fletcher King

BY PAUL CHEESEBRIGHT, PROPERTY CORRESPONDENT

Fletcher King, chartered surveyor, which took a full listing in November 1986, yesterday announced a 62 per cent increase in annual pre-tax profits and a rise in the dividend to match.

The market responded by lifting the shares 5p to 220p. Fletcher King follows Debenhams Tewson & Chinnocks, in announcing a sharp rise in profits.

Pre-tax profits for the year to April 30 were £2.06m, compared with a pro-forma £1.27m in 1986-87. Earnings per share were 16.4p against 12.6p.

The directors have proposed a final dividend of 4.75p, bringing total payments for the year to 7.25p compared with 4.5p.

The strength of the property market helped turnover to rise in all sections of the business.

although Mr David Fletcher, chairman, said that the biggest increase had taken place on the agency side. At the same time, Fletcher King has been able to attract more business following the acquisition of Peter Hunter, a specialist in retail property.

Fletcher King has recently acquired Ernest Howard, project management and quantity surveying practice.

ANTIQUe BOARDROOM TABLES



Executive Suite, 4, 6, 8 Park St (off Stoney St) London Bridge SE1 01-407 9577

Executive Suite, 18-20 High St, Bruton, Somerset (0145) 813728 Fax: 0145 813753

Replica Antique Chairs & Complementary Office furniture, craftsmen made and polished.

BOARD MEETINGS


The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's distributions.

TODAY

Interline, Granada, Johnson Fry, Finance-Ch Industries, Equity Comfort for Trust, Lovell, Newsom Tools, Nobe, Pace, Scottish and Newcastle Breweries, Tex, Total Systems, Vesper Thompson, Wespac.

Company	Meeting Date
Alli Healthcare	July 12
Berkeley Govett	July 11
Plaxton	July 12
ARM	July 14
Coventry Laboratories	July 11
Davy Corp	July 12
ICI	July 12
Morris & Crane	July 8
Morris Ashby	July 12
Sandri Parklines	July 11
Sarans International	July 11
Stoddole	July 11

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange and does not constitute an invitation for the public to subscribe for or purchase shares. Applications for shares in the Company to the Company or to the stock exchange must be made in the ordinary shares of the Company in the United Kingdom Securities Market. It is emphasised that an application has been made for these securities to be admitted to listing.



HERITAGE PLC
(incorporated in England under the Companies Acts 1948 to 1980 No. 1564892)

Placing by
LLOYDS MERCHANT BANK LIMITED
of 830,000 ordinary shares of 10p each at 95p per share

Authorised	Share capital	Issued and now being issued fully paid
£650,000	in ordinary shares of 10p each	£485,000

The shares now being placed will rank pari passu in all respects with the existing issued share capital of the Company and will be entitled to participate in full in all dividends and other distributions lawfully declared, made or paid on the ordinary share capital of the Company.

Heritage distributes cookware, storage and tableware and kitchen tools to UK multiple retailers and wholesalers.

Particulars relating to Heritage PLC are available in the Excel United Securities Market Service. Copies of the particulars may be obtained during normal business hours up to and including 19th July, 1988 from:


Lloyds Merchant Bank Limited,
40-46 Queen Victoria Street,
London EC4P 4EL

Pennmore Gordon & Co. Limited,
9 Moorfields Highway,
London EC2Y 9DS

5th July, 1988

Ellis & Goldstein

Strength from Specialisation



dash EASTEX **JENNI BARNES**
Working Style

DASH, EASTEX AND JENNI BARNES ARE RETAIL BRANDS WHICH ALONG WITH DERETA AND OWN LABEL ARE DIVISIONS OF ELLIS & GOLDSTEIN (HOLDINGS) plc, A LEADING FASHION DESIGN AND MANUFACTURING GROUP OF COMPANIES FOR OVER 50 YEARS.

ELLIS & GOLDSTEIN

(HOLDINGS) plc

This advertisement, for which the directors of Ellis & Goldstein (Holdings) plc are solely responsible, has been approved by Kleinwort Benson Limited for the purposes of Section 57 of the Financial Services Act 1986.

JULY 12 At CITY BRIEFING 2

IMPROVING YOUR PORTFOLIO MANAGEMENT OVERNIGHT COULD TAKE JUST ONE MORNING...

On July 12, MIS Software Ltd will be presenting their Assets Management System and their communications software for accessing Extel Financial's EXBOND/EXSHARE information services at the City Briefing 2 Seminar.

The Assets Management System provides Portfolio Managers and Banks with extensive and detailed performance analysis for managing their Client Portfolios. For Insurance Companies, Pension Funds and Building Societies as well. The system can answer the need to manage several funds.

Facilities for each Portfolio include Valuation Statements, Asset Allocation, Performance Report and Cash Availability. A single deal or deposit may be split between an unlimited number of portfolios which will be updated in real-time, giving managers instant access to their holdings and dealing histories.

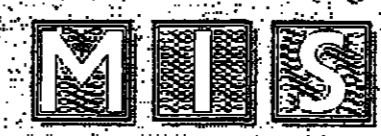
The EXBOND/EXSHARE application provides a direct link to Extel Financial's services and thus overcomes the laborious task of daily manual input of revised security details and prices which means that Dealers can depend upon having up-to-date information at their fingertips.

City Briefings are a new initiative from one of the market leaders in computer systems for the financial community - MIS Software. For instance, today well over fifty banks and security houses around the world benefit from using MIS CAPITAL, a unique fully integrated software product for Capital Markets.

City Briefing 2 starts at 10.00 on July 12 at the Wang City Offices, St. George's Court, 51 Eastcheap, London EC3.

To reserve your place or for further information, please contact Barbara Larkey on 01-377 3378.

We'll promise you a morning that you won't forget overnight.



MIS SOFTWARE LTD
18-20 Appold Street, London EC2A 2AA

FOREIGN EXCHANGES

Pound down and dollar up

STERLING LOST ground in spite of another rise in UK bank base rates yesterday. Attention turned towards the pound as fears increased about the economic situation in the UK, after recent figures showing rising inflation, high bank lending, and a deterioration in the trade balance.

The dollar had a firm undertone, rising to its highest level this year against the D-Mark and Japanese yen, but the market was thin with New York closed for Independence Day.

Sterling finished at its lowest level against the dollar since last October, and the weakest against the D-Mark since the sudden surge in the pound's value in early March.

The pound opened on a weak note in London, initially falling over 1 cent to \$1.6900, and declining to DM3.0625 from DM3.0550.

Sterling made a partial recovery after the Bank of England signalled at noon a rise in bank base rates, but then lost further ground, to finish much weaker on the day.

The pound fell 1.80 cents to \$1.6890, and declined to DM3.06 from DM3.0550. It also fell to SF2.5825 from SF2.5775, and to FRF10.3725 from FRF10.4325, but was unchanged at Y238.00.

Sterling's exchange rate index closed 0.4 lower at 74.6, the lowest since February.

It will be a quiet week for statistics, and possibly the most important economic news will turn out to be the US unemployment.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European Currency Unit Rates for various currencies including Deutsche Mark, French Franc, Italian Lira, etc.

STERLING INDEX

Table showing Sterling Index for various currencies: US Dollar, D-Mark, Swiss Franc, etc.

CURRENCY RATES

Table showing Currency Rates for various currencies including Sterling, D-Mark, Swiss Franc, etc.

OTHER CURRENCIES

Table showing Other Currencies including Japanese Yen, Australian Dollar, etc.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currency pairs.

STERLING INDEX

Table showing Sterling Index for various currencies: US Dollar, D-Mark, Swiss Franc, etc.

CURRENCY RATES

Table showing Currency Rates for various currencies including Sterling, D-Mark, Swiss Franc, etc.

OTHER CURRENCIES

Table showing Other Currencies including Japanese Yen, Australian Dollar, etc.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currency pairs.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing for various currencies and terms.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and terms.

CURRENCY FUTURES

Table showing Currency Futures for various currencies.

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange for various currencies.

BASE LENDING RATES

Table showing Base Lending Rates for various banks.

MONEY MARKETS

Pressure continues despite rate rise. YESTERDAY'S RISE in UK base rates to 10 p.c. was generally expected and the timing - unlike previous occasions - also failed to provide any surprise.

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WESTLB

WestLB advertisement text: Fixed Income and Equities Trading - for dealing prices call: Dusseldorf, London, Luxembourg, Hong Kong.

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WESTLB

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Price Waterhouse and the Financial Times Conference Organisation advertisement: CAPITAL MARKETS WORKSHOP

Britax advertisement: Quality PROMOTIONAL GIFTS

WestLB advertisement: One of the leading Marketmakers

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abnott Management Ltd, and others, including their names and brief descriptions.

Table listing unit trusts under the heading 'Abnott Management Ltd (12000H)', including details like 'Abnott Growth' and 'Abnott Income'.

Table listing unit trusts under the heading 'Allied Bankers Unit Trusts PLC (12000F)', including details like 'Allied Growth' and 'Allied Income'.

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L.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. Reuters Code: IGIN, IGI0.

Prices taken at 5pm and change is from previous close at 9pm.

Table listing various unit trusts such as Abnott Management Ltd, Allied Bankers Unit Trusts PLC, and others.

JOTTER PAD

FT CROSSWORD No.6,673 SET BY GRIFFIN

Crossword puzzle grid with numbers indicating starting positions for words.

- ACROSS
1 Strange girl Jack left without (3)
2 Article in parents case is a hat (6)
3 Star is, while on strike, poor (6)
4 Royal pie filling being made without milk, crumbe? (10)
5 Severely criticised what a striker did? (8)
6 A new MCC idea which is purely theoretical (8)
7 Injured soldiers having been brought in, I'm discharged (8)
8 One rowing about satisfactory rest break (8)
9 Arranged in steps by aged Dr Purgatine (6)
10 Solution to Puzzle No.6,672

Table listing unit trusts under the heading 'Allied Bankers Unit Trusts PLC (12000F)', including details like 'Allied Growth' and 'Allied Income'.

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information Service is being expanded to improve the service to readers by providing more information.

Large table listing numerous unit trusts such as Abnott Management Ltd, Allied Bankers Unit Trusts PLC, and others, with columns for name, type, and other details.

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FT UNIT TRUST INFORMATION SERVICE

July 1988

INSURANCES

Table listing various insurance companies and their unit trusts, including details on assets and liabilities.

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Table listing various insurance companies and their unit trusts, including details on assets and liabilities.

Table listing other UK unit trusts, including details on assets and liabilities.

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Continued on next page

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Handwritten note: 10/11/88

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, and % Change.

Table of Other Offshore Funds, listing various offshore investment funds with columns for Name, Price, and % Change.

Table of British Funds, listing various British investment funds with columns for Name, Price, and % Change.

Table of Foreign Bonds & Rails, listing various international bonds and rail investments with columns for Name, Price, and % Change.

Table of Money Market Trust Funds, listing various money market investment funds with columns for Name, Price, and % Change.

Table of Money Market Bank Accounts, listing various bank accounts and services with columns for Name, Price, and % Change.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American stocks with columns for Stock, Price, Bid, Offer, and P/E. Includes companies like IBM, Microsoft, and General Electric.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies with columns for Stock, Price, Bid, Offer, and P/E. Includes Citicorp, Citicredit, and Finance Trust.

BEERS, WINES & SPIRITS

Table listing beverage companies with columns for Stock, Price, Bid, Offer, and P/E. Includes Heineken, Carlsberg, and Heublein.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies with columns for Stock, Price, Bid, Offer, and P/E. Includes Bovis Lend Lease, Bovis Lend Lease, and Bovis Lend Lease.

BUILDING, TIMBER, ROADS - Contd

Continuation of Building, Timber, Roads table with columns for Stock, Price, Bid, Offer, and P/E.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for Stock, Price, Bid, Offer, and P/E. Includes ICI, Shell Chemicals, and ICI.

DRAPERY AND STORES

Table listing retail and drapery companies with columns for Stock, Price, Bid, Offer, and P/E. Includes Debenhams, Debenhams, and Debenhams.

BUILDING, TIMBER, ROADS

Continuation of Building, Timber, Roads table with columns for Stock, Price, Bid, Offer, and P/E.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores table with columns for Stock, Price, Bid, Offer, and P/E.

ELECTRICALS

Table listing electrical companies with columns for Stock, Price, Bid, Offer, and P/E. Includes British Telecom, British Telecom, and British Telecom.

DRAPERY AND STORES

Continuation of Drapery and Stores table with columns for Stock, Price, Bid, Offer, and P/E.

ENGINEERING

Table listing engineering companies with columns for Stock, Price, Bid, Offer, and P/E. Includes BAE Systems, BAE Systems, and BAE Systems.

ENGINEERING - Contd

Continuation of Engineering table with columns for Stock, Price, Bid, Offer, and P/E.

FOOD, GROCERIES, ETC

Table listing food and grocery companies with columns for Stock, Price, Bid, Offer, and P/E. Includes Unilever, Unilever, and Unilever.

HOTELS AND CATERERS

Table listing hotel and catering companies with columns for Stock, Price, Bid, Offer, and P/E. Includes Whitbread, Whitbread, and Whitbread.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for Stock, Price, Bid, Offer, and P/E.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrials (Miscel.) table with columns for Stock, Price, Bid, Offer, and P/E.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrials (Miscel.) table with columns for Stock, Price, Bid, Offer, and P/E.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrials (Miscel.) table with columns for Stock, Price, Bid, Offer, and P/E.

INSURANCES

Table listing insurance companies with columns for Stock, Price, Bid, Offer, and P/E. Includes Prudential, Prudential, and Prudential.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrials (Miscel.) table with columns for Stock, Price, Bid, Offer, and P/E.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrials (Miscel.) table with columns for Stock, Price, Bid, Offer, and P/E.

INDUSTRIALS (Miscel.) - Contd

Continuation of Industrials (Miscel.) table with columns for Stock, Price, Bid, Offer, and P/E.

INSURANCES

Continuation of Insurance table with columns for Stock, Price, Bid, Offer, and P/E.

LEISURE

Table listing leisure companies with columns for Stock, Price, Bid, Offer, and P/E. Includes British Telecom, British Telecom, and British Telecom.

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LONDON SHARE SERVICE

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LEISURE - Contd

Table of stock prices for Leisure companies, including titles like 'Leisure', 'Leisure', etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of stock prices for Paper, Printing, Advertising companies.

TEXTILES - Contd

Table of stock prices for Textiles companies.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, Land companies.

OIL AND GAS - Contd

Table of stock prices for Oil and Gas companies.

MINES - Contd

Table of stock prices for Mines companies.

PROPERTY

Table of stock prices for Property companies.

TOBACCO

Table of stock prices for Tobacco companies.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, Land companies.

OVERSEAS TRADERS

Table of stock prices for Overseas Traders companies.

PLANTATIONS

Table of stock prices for Plantations companies.

THIRD MARKET

Table of stock prices for Third Market companies.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors, Aircraft Trades companies.

Commercial Vehicles

Table of stock prices for Commercial Vehicles companies.

Components

Table of stock prices for Components companies.

Garages and Distributors

Table of stock prices for Garages and Distributors companies.

NEWSPAPERS, PUBLISHERS

Table of stock prices for Newspapers, Publishers companies.

PAPER, PRINTING, ADVERTISING

Table of stock prices for Paper, Printing, Advertising companies.

SHIPPING

Table of stock prices for Shipping companies.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather companies.

SOUTH AFRICANS

Table of stock prices for South Africans companies.

TEXTILES

Table of stock prices for Textiles companies.

Finance, Land, etc

Table of stock prices for Finance, Land, etc companies.

OIL AND GAS

Table of stock prices for Oil and Gas companies.

MINES

Table of stock prices for Mines companies.

Central Rand

Table of stock prices for Central Rand companies.

Eastern Rand

Table of stock prices for Eastern Rand companies.

Far West Rand

Table of stock prices for Far West Rand companies.

O.F.S.

Table of stock prices for O.F.S. companies.

Diamond and Platinum

Table of stock prices for Diamond and Platinum companies.

Central African

Table of stock prices for Central African companies.

Fluores

Table of stock prices for Fluores companies.

Australian

Table of stock prices for Australian companies.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: Alpha, Beta, Gamma. Includes various market notes and regulations.

REGIONAL & IRISH STOCKS

Table of stock prices for Regional & Irish Stocks.

TRADITIONAL OPTIONS

Table of stock prices for Traditional Options.

LONDON STOCK EXCHANGE

Gilts and Equities give ground in uneasy trading as base rates rise once again

Table with columns: First, Op, Last, Account, etc. for various stock indices.

What little selling there was of Government bonds largely took place before the base rate news.

DOMESTIC INTEREST RATE PROSPECTS continued to dominate US securities markets yesterday as London waited nervously for Wall Street to return from the Independence Day break...

Oil shares moved uncertainly when crude prices failed to sustain early gains and traders tried to assess the implications of the accidental downing of an Iranian airliner by a US warship.

The Bank of England's decision to push UK base rates higher for the fifth time in a month failed to quell inflation concerns.

With the pound no better despite the half point rise in base rates to 10 per cent, Government bonds extended the day's losses in late trading.

The day started uncomfortably when County NatWest WoodMac, vending doubts in the bond market, warned that "10 per cent base rates will be insufficient to restore confidence in the authorities' control over inflation".

Such views quickly filtered through to share prices which took a turn for the worse at mid-morning when the market continued itself that the authorities would go for a full point increase in base rates.

There was little substance to the rally, however. Turnover was woefully slight and for all its concentration on domestic interest rates, London was very nervous ahead of the re-opening of Wall Street this afternoon, and of its response to the various developments in the Gulf.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Securities, Fixed Interest, Ordinary Y, Gold Mines, etc.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

week's excellent run and the expected 30 better 413p. Midday press comment appeared to confirm that Williams Holdings had a 4.9 per cent stake, but Mr Michael Montague, Y&V chairman, said, "I have had no such confirmation and an account which my periphery by serving 212 notices on nominee buyers."

Dealers reported slightly reduced turnover yesterday, estimated to be around 1/2m shares. Warburg Securities being making a market in the shares, bringing the number of dealers to four.

Volkswagen, however, was reported yesterday to have been quickly dashed as sellers appeared at the outset. First National Finance were 2 1/4 off at 244p ex-dividend, after Provisional Mutual Life revealed it had increased its stake to 10.46 per cent.

The Irish banks continued their recent upward move - triggered by currency trends - with Allied 4 harder at 234p and Bank of Ireland 3 to the good at 245p.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS table for Monday July 4 1988, listing various industry groups and their values.

FIXED INTEREST

Table showing fixed interest rates and yields for various instruments like British Government, US Government, etc.

LONDON TRADED OPTIONS

Large table of LONDON TRADED OPTIONS showing various option contracts, their prices, and trading volumes.

better at 825p after a positive note from BZW which advised clients to "take the opportunity to switch into the relative safety of General Accident, a major beneficiary of strength in the dollar and equity market this year."

Insurance brokers were heavily supported as sterling gave ground against the dollar. Sedgewick rose 3 to 288p and Willis Faber jumped 6 to 269p.

Stores dropped 1 to 248p after announcing a 6p dividend. Burton eased 6 to 226p on interest rate worries, while Courts "closed 5 down to 229p."

GEY were the biggest trading electronics stock - 8.5m changed hands - and the shares edged forward throughout the session to close a net 3/4 up at 159 1/4 following weekend reports that the company's GPT telecomuncations joint venture is set to supply advanced telecomunc equipment to the Soviet Union.

Plessey, GEC's joint venture partner, touched 160p before closing unchanged at 158p. Sentiment in GEC was additionally boosted by reports that the company is to request shareholder permission at the annual meeting in September to buy in up to 15 per cent of the company's shares during the next year.

Composite insurers included a couple of firm stocks, most notably General Accident, a shade in the big-four's share prices, were quickly dashed as sellers appeared at the outset.

First National Finance were 2 1/4 off at 244p ex-dividend, after Provisional Mutual Life revealed it had increased its stake to 10.46 per cent.

NEW HIGHS AND LOWS FOR 1988

Table listing new highs and lows for various stocks in 1988, including ASDA, Lloyds, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls in share prices for various sectors like British Funds, Industrials, etc.

LONDON RECENT ISSUES

Table of recent stock issues with columns for Issue, Price, etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue, Price, etc.

Laing Properties gained 11 to 511p after speculation in the weekend press that Elliot Bernerd's private property operation, Chiefly, was building up a significant stake. Laing was also boosted by news that it had completed the acquisition of the Dunham Court Industrial Estate in Leitchworth, Cambridgeshire.

Elsewhere, Stanley Miller reacted sharply to 179p in response to news that Helical Bar had sold its 51 per cent stake in the company, before staging a good recovery to close only 7 off at 189p.

The day's one news quess, City of London FR, had a quiet debut, better opening at 95p (it was later placed at 85p). Early interest pushed the price up to a peak of 108p before drifting back on this volume to close on 102p.

Rolls-Royce, up a shade at 132p, enjoyed a fairly brisk trade (2.3m shares changed hands) as it sought to build confidence in the Traded Options market with only a 2 1/2 per cent rise to 321p after it was rumoured Telcel, the metal products concern, had bought another 25,000 shares.

It was a particularly quiet day amid talk that Cathay Pacific is about to order 12 Airbus A320 airliners powered by Rolls-Royce engines. British Aerospace, however, traded quietly, nudging a few pence higher at 415p.

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trend in the building sector, but the volume of trade was barely sufficient to test sentiment.

Housebuilders to record falls around 4 included Barratt Development, 128p, Croft Nicholson, 239p and Wimpey, 242p. Blue Circle gave up 5 to 426p among Cement.

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RIGHTS' OFFERS

Table of rights' offers with columns for Issue, Price, etc.

World Stock Markets

WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, France, Germany, Netherlands, and Sweden. Columns include country, stock name, price, and change.

Table of stock market data for Canada, listing various Canadian stocks and their prices and changes.

Table of stock market data for Japan, listing various Japanese stocks and their prices and changes.

Table of stock market data for Australia, listing various Australian stocks and their prices and changes.

Table of stock market indices and active stocks for New York and Canada. Includes Dow Jones index and a list of active New York stocks.

Advertisement for Nikko Investment Banking (Middle East) E.C. featuring the Nikko logo and text about global investment services.

Advertisement for Financial Times magazine, featuring the headline 'Have your F.T. hand delivered in Belgium' and contact information.

Janet Bush reports on progress in the Nasdaq and Amex markets

Smaller US stocks steal past leaders

MUCH has been made of the roller-coaster rise of the Dow Jones Industrial Average to post-October crash highs. Debate rages about whether the New York Stock Exchange's restrictions on programmed stock index arbitrage encourage or hinder volatility. Traders bemoan the dominance in "Big Board" volume of technical trading such as dividend capture strategies rather than genuine investment.

But while analysts have been poring over chart patterns and volume tables on the New York Stock Exchange, there have been some notable developments and innovations on the other key stock exchanges: the huge Nasdaq or over-the-counter market, and the American Stock Exchange, with its key options business.

It has been little noted that the main indices on both exchanges also recently hit post-crash peaks. The Nasdaq Composite Index ended the first half of the year last Thursday at a post-crash high of 394.66. The American Stock Exchange's Market

WALL STREET was closed for Independence Day. In Canada, Toronto shares closed mixed in light trading as the market drifted without guidance from the US. Gold stocks advanced, but energy and metals stocks declined. The composite index, which had declined slightly earlier, rose 2.70 to 3444.20.

Value index hit its post-crash peak of 309.33 on June 10 and ended the first half of the year a whisker below that.

Both markets have outperformed the main indices on the New York Stock Exchange, suggesting an increased focus on second-tier stocks since the crash. During the bull market, blue chips, heavily followed by analysts and with a high profile among institutions and individual investors, tended to outperform smaller, lesser known companies whatever their attractions.

However, it has been October crash was happening, investors

started refocusing on fundamental values. Many stocks, relatively neglected during the bull market, looked very good buys indeed.

The Amerex Market Value Index rose 18.78 per cent in the first six months of the year while the Nasdaq Composite recorded a gain of 19.4 per cent. Those increases compare with a rise in the Dow Jones Industrial Average of 10.5 per cent and in the Standard & Poor's 500 of 10.7 per cent.

"We are seeing a return to the historic pattern in the US markets in which the stocks typical of the Nasdaq market generally outperform large ones," said Mr Gene Finn, chief economist for the National Association of Securities Dealers, the self-regulatory organisation for the over-the-counter market. "It is clear that the confidence of individual and institutional investors is returning."

That process of rebuilding confidence is a slow one. Volume remains well below the level seen in 1987 - Nasdaq volume totalled

more than 16bn shares in the first half compared with 18.6bn in the same period of 1987. But it still exceeded the total of 15.1bn in the first half of 1985.

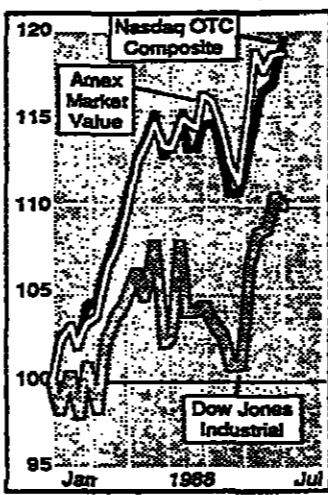
On the American Stock Exchange, the number of shares traded in the first six months was 1.33bn compared with 1.76bn a year earlier. The total number of options contracts traded was 22.4m in the first half compared with 34.9m a year earlier.

Competition is intense between US exchanges, and increasingly with exchanges overseas, both in terms of efficiency and product development.

Last Friday, the Nasdaq made participation in its automated Small Order Execution System mandatory for all market makers, a key step in the transition from telephone-based trading to an electronic market place.

It also announced last week that the Amerex will file with the SEC to develop its own system named Sitas.

Another key area of development is products designed to trade baskets of stocks.



Speculative interest drives Paris onto centre stage

London

CONCERN over the effect on Wall Street of the attack in the Gulf left oil shares lower in London, but with New York closed for the national holiday, movements in domestic interest rates dominated.

News of a 1/2 point rise in base rates helped prices off their lows and the FT-SE 100 index closed down 10.3 at 1,448.0.

The session opened strongly amid high demand for LVMH, and rumours continued to fly about who was buying and why. However, sporadic profit-taking and concern over the likely effect of the latest Gulf tension on Wall Street when it reopens today took shares off their highs.

The opening CAC General Index was up 21 at 590.8, and the EFX 50 index finished 3.27 higher at 358.78.

LVMH closed up FF2140 at FF2265, having reached a year's peak of FF2973, with a particularly high 260,000 shares traded, compared with more than 144,000 last Friday. One analyst said: "That sort of volume suggests something more than just a small investment."

The latest rumour surrounding the group is that holding company Financière Agache, up FF768 at FF2118, is stakebuilding, although the old rumours of share buying by Britain's Grand Met and Guinness continued. The stock has also been featured recently on Japanese lists.

Electrical appliances group SEB was suspended pending news of its \$170m purchase of West German appliance company Rowenta, and when trade restarted it rose FF253, or 6 per cent, to FF2678. Moulinex was active again, and found 50 cents to FF105.50.

FRANKFURT had a mixed day, with prices ending off their highs in fairly tight trading, but with good economic and corporate news keeping sentiment buoyant.

The FAZ index pushed on to its second consecutive high for the year at its midday fix, adding 6.08 to 486.74. But the newly quoted DAX 30-share index, which is recalculated every minute during official trade, closed up just 4.63 at 1,168.15, somewhat below its day's high of 1,171.87. Volume for all West German shares was a modest DM2.5bn.

Profit-taking later in the ses-

London (continued)

subdued by the US holiday. The yield on the 6 1/2 per cent-1989 federal bond eased to 6.83 per cent from 6.84 per cent on Friday.

MILAN saw active trading in blue chips Fiat and Montedison and ended higher after a fairly busy session, with the MIB index finding 5 to 1,096.

News on Friday that mutual fund redemptions last month were similar to May's unexpectedly high 1.1566bn appeared not to dampen sentiment. Mutual funds movements tended to lag the market, and share prices had been picking up lately, said one analyst.

Flat rose LI01 to L810 and Montedison was L26 higher at L1,831.

ZURICH finished higher in quiet trading in the absence of Wall Street.

Gotthard Bank, which forecast record profits this year, added SF75 to SF765 while Union Bank bearers rose SF75 to SF730.

AMSTERDAM had a low-key day without its usual direction from Wall Street. The CBS trend index edged up 0.30 to 93.7.

Internationals were stronger, with Philips, 60 cents ahead at F1 33.50, the most active stock on 402,000 shares.

Steel stock Hoogovens rose a strong F1 2.10 to F1 51.10.

STOCKHOLM saw very quiet trading, with the Affarsvarden General Index unchanged at 857.0.

The market was boosted by news that industrial group Trebborg had bought a 10 per cent stake in ball-bearing maker SKF. SKF's free B shares rose SK7 to close at SKR325.

Trebborg, unchanged at SKR251, denied the purchase heralded a full bid, saying it was purely a capital investment.

BRUSSELS ended mixed after a very slow session, with investors reluctant to take new positions on the last day of the current two-week forward account period. Many stayed away because of the New York holiday.

The stock index closed up 11.56 points at 4,964.88.

Steelmakers were lively, with Cockeril again the most traded stock, falling BF75 to BF742. Arbed also fell back, ending BF70 down at BF724.

MAIRB closed mixed after light trading, with the general index easing 0.62 to 296.40.

SOUTH AFRICA

GOLD stocks closed higher in Johannesburg yesterday after gains in the bullion price, boosted by news of the latest conflict in the Gulf.

However, trading remained cautious. Among the few gainers Vaal Reefs was up R8 at R278 and Kloof edged R1 higher to R32.50. Mining house Anglo American improved 75 cents to R53.25.

Nikkei eases in reduced volume after Gulf attack

Tokyo

A SLIDE in the yen and the dawning of an Iranian civilian airliner by the US sent worried investors to the sidelines in Tokyo yesterday and the Nikkei average ended almost unchanged, writes Shigeo Nishizaki of Jiji Press.

The Nikkei dipped 213 points from Saturday, the third straight loss, to 27,360.39 after reaching a high of 27,471.05 in the morning. The day's low was 27,276.22.

Volume shrank sharply from Friday's 2.6bn shares, reaching just 918m. Declines led advances by 448 to 381, and 180 issues ended unchanged.

Investors refrained from buying or selling in part because of heightened tension in the Middle East after the shooting down of the Iranian Airbus A-300. The yen's drop to its lowest level in seven and a half months in Tokyo and a sharp decline in bond prices also curtailed activity.

Profit-taking had stepped pushed down stocks and merger giant capital stocks on Friday and Saturday. Many eased further yesterday in small-lot selling, with only leading issues in each sector maintaining strength.

There were gains for the day's most active stock, Kawasaki Steel, which firming Y11 to Y866 with 88.7m shares changing hands. Mitsui Engineering and Shipbuilding rose Y77 to Y350 on the second largest trading of 68.5m shares, on investor appraisal of its advance into the leisure market.

The increased Middle East tension led to gains for oils and other resources, but volume was small. Toa Nenryo Kogyo rose Y60 to Y1,840, while Tenoko Oil added Y10 to Y305 and Mitsui Mining and Smelting Y5 to Y660.

Buying of low-priced equities pushed Toyo Menka, seventh busiest with 32.5m shares traded, up Y26 to Y588, and Showa Line Y39 to Y555. However, Japan Line, which had gained about Y100 last week as the lowest-priced issue on the market, dropped Y35 to Y385, slipping back below Y400.

Bond prices suffered a steep setback because of the yen's fall and a rapid rise in open market

High-flying Finland wards off control by foreigners

Helsinki

THE HELSINKI Stock Exchange, one of Europe's smaller markets, has more than one claim to fame - it was one of the rare continental markets to show a gain last year and was the first to bounce back to pre-crash highs six weeks ago.

Share prices currently stand 7.5 per cent higher than they did just before the October 19 crash, with the Unitas all share index closing yesterday at a record 723.

The market, which covers 111 companies, is capitalised at Fm107,68bn (\$24.8bn) - still low compared with most others in Europe.

Computerised trading in bonds and debentures began in April this year. The official trading hours for these securities are 9.30 am to 6 pm.

Last Friday, the Helsinki Exchange introduced a computerised share price and registration system. Average daily turnover exceeded Fm200m in mid-June compared with Fm123m the first six months. An average of 1.63m bargains are executed each day.

The number of brokerage firms on the stock exchange has grown to 24, of which eight are banks and 16 are securities houses. This has reduced the banks' traditionally dominant position.

While competing fiercely for market share the banks have agreed to set up a central settlements company. Since the beginning of this year the backlog of settlements has eased and brokers are able to adhere to the principle of settling trades on the first banking day after the deal.

Foreign ownership of Finnish companies is restricted. The upper limit on the amount of non-restricted shares - those available to foreigners - in a Finnish company is 40 per cent of the share capital, but voting rights vested in these shares may not exceed 20 per cent.

If a company wishes to make more than 20 per cent of its capital open to foreigners it must

apply to the Trade and Industry Ministry, and in practice the ministry has been very cautious about raising the level to the maximum 40 per cent.

Up to now, insurance companies have been the only ones to have 100 per cent free shares, but the Government has just proposed restricting this to 40 per cent.

Voting rights and entitlement to dividends differ from company to company. There is a 25 per cent withholding tax on dividends, but in practice most foreign investors pay lower rates under bilateral tax agreements.

The bourse's self-imposed code of ethics requires disclosure of ownership when the holding exceeds 10 per cent of the share capital or the voting rights in any listed company.

A profile of the Madrid market appeared in last Friday's paper. The Frankfurt exchange will be featured on Thursday.

Olli Virtanen

MARKET PROFILE



STOCK MARKET FACT CHART HELSINKI

Market capitalisation: Fm107,68bn (S1=FM44.34; E1=FM7.38)
 Number of shares listed: 111
 Top 10 stocks, percentage of market: 55.4%
 Trading hours: official - 9.30am - 12noon; after hours - free trading possible
 Average daily turnover: Fm123m
 Average daily number of bargains: 1.03m
 Main indices: KOP Index, Unitas Index (both cover all shares)
 Current level of index (Unitas): 733.8; 1988 high: 733.6 (4/7); 1988 low: 530.6 (15/1)
 Settlement: by 1 pm on the fifth banking day following the transaction
 Address: Helsinki Stock Exchange, PO Box 428, Finkkaalantie 14, SF-00101 Helsinki, Telephone: 020 9 524 151

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JULY 4 1988				FRIDAY JULY 1 1988				DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (87)	137.46	+0.0	121.09	116.96	3.81	138.86	121.03	116.97	150.35	91.16	157.67
Austria (16)	85.79	-0.1	75.57	81.53	2.55	85.83	74.81	81.15	136.18	83.72	85.53
Belgium (63)	117.75	-0.4	103.73	112.09	4.50	118.40	112.91	124.91	123.83	124.49	124.49
Canada (129)	126.22	-0.1	111.19	111.64	3.01	126.33	110.11	111.65	128.91	107.06	132.35
Denmark (39)	129.30	+0.1	113.90	122.00	2.38	129.15	112.57	121.51	132.72	111.42	114.21
Finland (26)	131.17	+0.0	112.23	119.94	1.43	131.45	114.35	119.53	139.53	108.79	122.21
France (130)	96.32	+0.0	84.85	93.11	3.47	96.30	83.93	92.64	99.62	72.77	110.87
West Germany (100)	76.44	+0.6	67.34	72.70	2.55	75.96	66.20	71.85	80.79	67.78	96.23
Hong Kong (46)	107.90	+0.0	95.03	108.21	4.92	107.93	94.09	108.23	109.20	84.90	127.67
Ireland (15)	129.83	+0.1	118.59	129.36	3.67	134.60	117.32	129.72	144.54	104.60	134.25
Italy (102)	71.74	-0.1	63.20	72.74	2.76	71.70	62.50	72.29	81.74	62.99	94.90
Japan (456)	156.74	-1.8	138.08	154.15	0.53	159.38	139.09	135.27	177.27	133.61	134.17
Malaysia (36)	129.77	-0.1	118.43	125.75	2.99	121.75	105.12	108.22	133.33	107.83	125.21
Mexico (13)	171.84	+2.3	151.38	430.26	1.26	167.92	146.36	419.51	180.07	90.07	265.50
Netherlands (38)	102.15	-0.1	90.87	97.08	4.76	103.28	90.02	96.68	110.66	95.23	125.91
New Zealand (21)	75.25	-1.4	64.29	59.80	5.97	76.76	64.91	60.24	84.05	64.42	101.22
Norway (25)	121.01	-1.1	106.60	109.84	2.75	122.30	106.59	110.18	132.23	98.83	140.66
Singapore (26)	122.93	-2.1	108.29	116.52	2.15	125.56	109.44	118.48	125.56	97.99	153.00
South Africa (60)	106.53	+0.1	98.83	108.62	4.83	118.45	103.24	99.59	129.07	118.10	157.32
Spain (43)	151.10	+0.0	133.10	139.59	3.16	151.14	134.60	139.06	154.73	122.21	151.10
Sweden (35)	116.74	-0.2	102.84	109.27	2.61	116.93	101.92	108.84	125.30	96.92	114.94
Switzerland (55)	79.21	-0.3	69.78	74.79	2.29	79.42	69.23	74.50	86.75	75.60	98.29
United Kingdom (241)	125.11	-0.9	114.02	114.02	3.33	126.25	110.84	115.93	139.99	108.10	155.10
USA (585)	110.98	+0.0	97.76	110.98	3.52	110.98	96.73	110.98	112.27	99.19	124.60
Europe (1016)	105.14	-0.7	92.62	96.89	3.70	105.90	92.30	96.83	110.82	97.01	124.29
Pacific Basin (674)	153.98	-1.7	133.64	152.26	0.74	156.68	135.56	133.31	172.26	130.81	134.01
Euro-Pacific (1690)	134.48	-1.4	118.42	118.12	1.68	136.40	118.88	118.74	147.53	120.36	150.17
North America (714)	111.79	+0.0	98.48	111.04	3.49	111.80	97.44	111.04	113.08	102.68	130.01
Europe Ex. UK (690)	89.99	+0.1	79.27	86.23	1.14	89.88	78.34	85.68	92.99	80.27	105.15
Pacific Ex. Japan (1892)	129.72	+0.9	106.33	108.62	2.99	121.75	105.12	108.22	133.33	107.83	125.21
World Ex. UK (2151)	124.68	-0.8	109.83	115.53	2.14	125.69	109.55	115.87	131.77	111.77	125.62
World Ex. 50 AF (2417)	125.11	-0.9	114.02	114.02	3.33	126.25	110.84	115.93	139.99	108.10	155.10
World Ex. Japan (2021)	109.93	-0.3	96.84	105.96	3.59	110.22	96.07	105.93	112.43	100.00	125.45
The World Index (2477)	125.09	-0.9	110.19	115.38	2.35	126.21	110.00	115.76	132.38	113.37	128.24

Coutts & Co.

announce that their Base Rate is increased from 9.50% to 10.00% per annum with effect from the 4th July 1988 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.

Coutts & Co.
 440 Strand, London, WC2R 0QS

National Westminster Bank PLC

NatWest announces that with effect from and including Monday 4th July 1988 its Base Rate is increased from 9.50% to 10.00% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lothbury London EC2P 2EP

Lloyds Bank Base Rate.

Lloyds Bank Plc has increased its Base Rate from 9.5 per cent to 10 per cent p.a. with effect from Monday 4 July 1988.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Lloyds Bank Base Rate will be varied accordingly.

The change in Base Rate will also be applied from the same date by the United Kingdom branch of The National Bank of New Zealand Limited.

Lloyds Bank
 THE THOROUGHbred BANK.
 Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.